

7775. Also, petition of Atlas Steel Casting Co., Buffalo, N. Y., favoring the balancing the Budget through a general sales tax; to the Committee on Ways and Means.

7776. By Mr. MEAD: Petition of the American Supply & Machinery Manufacturers Association, regarding the resolution for an emergency industries preservation act; to the Committee on Ways and Means.

7777. Also, petition of Railway Electric Supply Manufacturers' Association, regarding the balancing of the Federal Budget; to the Committee on Ways and Means.

7778. By Mr. RUDD: Petition of New York State Credit Union League, New York City, favoring the passage of Senate bill 1153, for the organization of credit unions in the District of Columbia; to the Committee on the District of Columbia.

7779. Also, petition of American Hotel Association, New York City, favoring the resubmission of the prohibition question to the States; to the Committee on the Judiciary.

7780. By the SPEAKER: Petition of City Council of the City of Chicago, recommending that Federal taxes be reduced to the extent of at least 20 per cent; to the Committee on Ways and Means.

## SENATE

TUESDAY, MAY 17, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills and joint resolution of the Senate:

S. 290. An act to establish a memorial to Theodore Roosevelt in the National Capital;

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands;

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet;

S. 2409. An act to amend Title II of the Federal farm loan act in regard to Federal intermediate-credit banks, and for other purposes;

S. 2955. An act to amend the World War veterans' act, 1924, as amended;

S. 4148. An act to permit the United States to be made a party defendant in certain cases;

S. 4289. An act to amend the act of February 23, 1927, as amended (U. S. C., title 47, sec. 85), and for other purposes;

S. 4416. An act to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.); and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

The message also announced that the House had passed the bill (S. 1335) to provide for the appointment of an additional district judge for the district of New Jersey, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 4738. An act to incorporate the Disabled American Veterans of the World War;

H. R. 6599. An act to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy;

H. R. 6678. An act amending section 1 of the act of March 3, 1893 (27 Stat. L. 751), providing for the method of selling real estate under an order or decree of any United States court;

H. R. 6735. An act to authorize the Secretary of the Navy to fix the clothing allowance for enlisted men of the Navy;

H. R. 7232. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899;

H. R. 7238. An act to amend section 5 of the suits in admiralty act, approved March 9, 1920;

H. R. 7793. An act to secure the departure of certain aliens from the United States;

H. R. 8173. An act to provide for the renewal of 5-year level-premium term Government insurance policies for an additional 5-year period without medical examination;

H. R. 8577. An act to amend section 95 of the Judicial Code, as amended;

H. R. 9058. An act to authorize the Secretary of War to accept on behalf of the United States a tract or parcel of land for park purposes to the Chickamauga-Chattanooga National Military Park;

H. R. 9385. An act authorizing Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Des Moines River at or near St. Francisville, Mo.;

H. R. 10238. An act creating a reimbursable fund to be used for special medical and surgical work among the Indians of the Fort Peck Indian Reservation, Mont., and for other purposes;

H. R. 10585. An act authorizing the Fort Hancock-Porvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.;

H. R. 10587. An act to provide for alternate jurors in certain criminal cases;

H. R. 10589. An act to amend section 289 of the Criminal Code;

H. R. 10590. An act to prohibit the misuse of official insignia;

H. R. 10596. An act to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial courts," approved March 16, 1878, with respect to the competency of husband and wife to testify for or against each other;

H. R. 10599. An act to fix the date when sentence of imprisonment shall begin to run, providing when the allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provisions of the parole laws;

H. R. 10640. An act to provide for the punishment of certain crimes against the United States;

H. R. 10641. An act to amend section 122 of the Judicial Code;

H. R. 10926. An act to authorize the conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes;

H. R. 11246. An act authorizing the Boca Chica Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Boca Chica, Tex.;

H. R. 11336. An act providing for an additional justice of the Court of Appeals of the District of Columbia; and

H. R. 11639. An act to authorize extensions of time on oil and gas prospecting permits, and for other purposes.

### THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of May 9 to May 14, both inclusive.

The VICE PRESIDENT. Without objection, it is so ordered.

### CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kendrick	Sheppard
Austin	Davis	Keyes	Shipstead
Bailey	Dickinson	King	Shortridge
Bankhead	Dill	La Follette	Smith
Barkley	Fess	Logan	Smoot
Bingham	Fletcher	Long	Stephens
Blaine	Frazier	McGill	Thomas, Idaho
Borah	George	McNary	Thomas, Okla.
Bratton	Glenn	Metcalf	Townsend
Brookhart	Goldsborough	Morrison	Trammell
Broussard	Gore	Moses	Tydings
Bulkley	Hale	Neely	Vandenberg
Bulow	Harrison	Norbeck	Wagner
Capper	Hastings	Norris	Walcott
Caraway	Hatfield	Nye	Walsh, Mass.
Carey	Hawes	Oddie	Walsh, Mont.
Cohen	Hayden	Patterson	Watson
Connally	Hebert	Pittman	Wheeler
Coolidge	Howell	Reed	White
Copeland	Hull	Robinson, Ark.	
Costigan	Johnson	Robinson, Ind.	
Couzens	Jones	Schall	

Mr. HULL. I desire to announce the unavoidable absence of my colleague the senior Senator from Tennessee [Mr. McKellar] on account of illness.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

#### EFFECT OF DEPRECIATED FOREIGN CURRENCY VALUES ON IMPORTS

The VICE PRESIDENT laid before the Senate a letter from the chairman of the United States Tariff Commission, transmitting, in further compliance with Senate Resolution No. 95, a textual summary as supplemental to the report (mainly statistical) already submitted to the Senate on April 20, 1932, on the subject of wood pulp and pulpwood, which, with the accompanying paper, was referred to the Committee on Finance.

#### EXTENSION OF RECONSTRUCTION CORPORATION ACT TO PORTO RICO

The VICE PRESIDENT laid before the Senate a letter from the president of the Senate and speaker of the House of Representatives of Porto Rico, transmitting a certified copy of a concurrent resolution adopted by the Legislature of Porto Rico, which, with the accompanying resolution, was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

SENADO DE PUERTO RICO,  
San Juan, Porto Rico, April 15, 1932.

Hon. CHARLES CURTIS,

President of the United States Senate,

Washington, D. C.

DEAR MR. CURTIS: We have the honor to inclose herewith a certified copy of a concurrent resolution passed by the Senate and the House of Representatives of Porto Rico, entitled "Requesting the President and the Congress of the United States of America to extend to Porto Rico the act creating the Finance Reconstruction Corporation."

In connection with that resolution of the Legislature of Porto Rico, we take the liberty of informing you that on February 17, 1932, we sent a cablegram to His Excellency Herbert Clark Hoover, President of the United States, petitioning him to recommend the extension to Porto Rico of the act of Congress in question; but under date of February 23, 1932, the Secretary of War, Hon. Patrick J. Hurley, by direction of the President, advised us that inasmuch as the bill in question had already become law, the initiation of steps looking to its revision was not deemed advisable at the present time. But with all the respect due the Chief Magistrate of the Republic, we wish to state that our objective could be reached through the enactment of a special law extending to Porto Rico the provisions of said legislation.

Our idea in regard to the extension to Porto Rico of the provisions of this wise legislation is to have a separate bill introduced in Congress, which may read as follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

"SECTION 1. That the benefits of 'An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes,' known as the Reconstruction Finance Corporation act, are hereby extended to Porto Rico."

By the enactment of such a special law, the difficulties anticipated by the President could be obviated, and our case would be satisfactorily covered.

Very respectfully yours,

L. SANCHEZ MORALES,  
President of the Senate.

MANUEL F. RONY,  
Speaker House of Representatives.

I, José Muñoz Rivera, secretary of the Senate of Porto Rico, do hereby certify that the following concurrent resolution was unanimously approved by the Senate of Porto Rico on March 2, 1932, and by the House of Representatives on April 1, 1932:

"Concurrent resolution requesting the President and the Congress of the United States of America to extend to Porto Rico the act creating the Finance Reconstruction Corporation

"Whereas on January 22, 1932, the Congress of the United States approved H. R. 7360, creating the Finance Reconstruction Corporation, to provide financial facilities to agriculture, commerce, and industry;

"Whereas the benefits that said act will report to the United States will be efficacious because of the great facilities the act provides to industry, commerce, and agriculture, the chief sources of the Nation's business and progress;

"Whereas said powerful organization, with its adequate resources, is prepared to strengthen credit by giving vitality to financial institutions, industry, agriculture, and commerce, and by supplying power to create new activities relieving the problem of unemployment;

"Whereas for many years the financial condition of Porto Rico has been critical, it being difficult to obtain cash to finance business, several banks having been forced to close, thus augmenting the crisis, creating difficulties for labor, and obstructing the finances of industry, commerce, and agriculture in Porto Rico;

"Whereas the present condition of business will not permit industry, commerce, and agriculture in Porto Rico to pay the rate of interest demanded of them, it having been claimed that the market conditions for the agricultural products of the country will not permit cane planters to cover cost of production;

"Whereas the true husbandmen of the principal industry of cane sugar claim that the sugar-market outlook is quite discouraging, and that the situation created will not allow them to increase the efficiency of production, this condition causing a great increase of the unemployment existing at present in the country;

"Whereas the Legislature of Porto Rico offers to exempt from all kinds of taxes all such negotiable instruments as may be issued in good faith for the purpose of obtaining additional cash from the continental United States, at a low rate of interest and on easy payments, and offers to authorize the treasurer of Porto Rico to accept such documents as collateral to secure deposits of the insular government of Porto Rico: Now, therefore, be it

Resolved by the Senate of Porto Rico (the House of Representatives concurring):

"SECTION 1. To request the President of the United States of America and the other authorities concerned with the execution of legislation creating the Finance Reconstruction Corporation to have such legislation made extensive to the island; and in case that in construing said legislation Porto Rico is not considered as included, to request the President of the United States of America to forward to Congress a special message asking that said legislation be extended to Porto Rico.

"SEC. 2. That upon approval the original of this resolution be forwarded to His Excellency, the President of the United States, and a copy thereof to the President of the Senate and the Speaker of the House of Representatives, the chairman of the Finance Reconstruction Corporation Board, the Resident Commissioner for Porto Rico in Washington, Senator BINGHAM, General PARKER, Hon. HENRY B. STEAGALL (president of the House Committee on Banks), Hon. PETER NORBECK (president of the Senate Committee on Banks), and all members of the Committees on Banks of the Senate and of the House of Representatives for their knowledge and action."

For transmittal to His Excellency CHARLES CURTIS, President of the United States Senate, as provided in the second paragraph of said concurrent resolution, I have hereunto set my hand and caused to be affixed the seal of the Senate of Porto Rico on this the 5th day of April, A. D. 1932.

[SEAL.]

JOSÉ MUÑOZ RIVERA,  
Secretary of the Senate.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the memorial of the Council of the City of Los Angeles, Calif., favoring a bond issue of not less than \$5,000,000,000 for public improvements, to relieve unemployment, which was referred to the Committee on Finance.

He also laid before the Senate a telegram from Oceanic Chapter, Daughters of the American Revolution, of Pittsburg, Kans., favoring the maintenance of the strength of the Army and the Navy, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted at a mass meeting held under the auspices of the San Francisco (Calif.) Chamber of Commerce, favoring the balancing of the Budget and retrenchment in governmental expenditures "to the end that the recovery of business and the consequent increase in employment may not be unnecessarily delayed by undue heavy tax burdens," which was referred to the Committee on Appropriations.



He also laid before the Senate a resolution adopted by the City Council of Chicago, Ill., favoring retrenchment and the reduction of Federal taxes to the extent of at least 20 per cent, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter in the nature of a petition from the board of directors of the Chamber of Commerce of West Point and Clay County, Miss., praying that public expenditures "be cut around a billion dollars per annum, that revenue should be provided promptly \* \* \*, and with as little hardship on business activities as possible, and that Congress should adjourn," which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the District of Columbia Pharmaceutical Association on the 10th instant, favoring the imposition of a general manufacturers' sales tax of 1 per cent in the pending tax bill to balance the Budget, etc., which were ordered to lie on the table.

He also laid before the Senate a telegram from Col. Allan M. Pope, president Investment Bankers' Association of America, embodying resolutions adopted by that association at White Sulphur Springs, W. Va., favoring elimination of bonds from the application of section 23 (r) of the pending revenue bill, limiting deductibility of losses as recommended to Senate Finance Committee by the Secretary of the Treasury, and the further amendment of that section so as to "remove the discrimination against dealers in securities as compared with all other classes of merchants with regard to deducting all security losses in the ordinary course of business," which was ordered to lie on the table.

He also laid before the Senate a telegram from Frank Scheffey, White Sulphur Springs, W. Va., calling attention to the telegram from Colonel Pope just above referred to relative to limitation on stock or bond losses, etc., which was ordered to lie on the table.

Mr. WALSH of Massachusetts presented the petition of Maynard Post, No. 1812, Veterans of Foreign Wars, of Maynard, Mass., praying for the passage of legislation providing for the immediate cash payment of World War veterans' adjusted-compensation certificates (bonus), which was referred to the Committee on Finance.

He also presented letters in the nature of memorials from Katherine Fay, of Wellesley Hills, and 20 other citizens, in the State of Massachusetts, remonstrating against the passage of legislation providing for the cash payment of World War veterans' adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

He also presented papers in the nature of petitions from 375 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of memorials from 35 citizens of the State of Massachusetts, remonstrating against modification of the Volstead Act or the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of petitions from 166 citizens of the State of Massachusetts praying for the balancing of the Budget, the reduction of governmental expenditures, the enactment of fair sales and stamp taxes, the amendment of the Volstead act, and the taxation of light wine and beer, which were referred to the Committee on Appropriations.

He also presented letters in the nature of petitions from 300 citizens of the State of Massachusetts, praying for the passage of legislation to balance the Budget, which were referred to the Committee on Appropriations.

He also presented a petition of 60 citizens of Northbridge, Mass., praying for support of the President's economy program, which was referred to the Committee on Appropriations.

He also presented petitions of 68 citizens of the State of Massachusetts praying for the passage of House bill 9891,

providing a system of pensions for railroad employees, which were referred to the Committee on Interstate Commerce.

Mr. WALCOTT presented the memorial of the Council of Catholic Women, signed by Zita Heffernan, secretary; Torrington Chapter, Mount St. Joseph Alumnae, signed by Mrs. James Gelson, regent; St. Francis Ladies T. A. B., signed by Mrs. Catherine Duplain, president; the Ladies Auxiliary, Ancient Order of Hibernians, signed by Bridget Owens, president; and members of the Daughters of Isabella, by Mrs. Mary Leahy, regent, all of Torrington, Conn., remonstrating against the passage of Senate bill 4436, to amend section 305 (a) of the tariff act of 1930, and sections 211, 245, and 312 of the Criminal Code, as amended, relating to birth-control information, which was referred to the Committee on the Judiciary.

He also presented the memorial of the Grand Division, Sons of Temperance of Connecticut, of South Manchester, Conn., remonstrating against the holding of a referendum on the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Stamford, Conn., praying for the passage of legislation to provide for the exclusion of aliens in the count of population for the apportionment of Representatives in Congress, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Rau-Locke Post, No. 8, American Legion, Department of Connecticut, of Hartford, Conn., remonstrating against the enactment of legislation to curtail the benefits accorded World War veterans, their widows and dependents, which was referred to the Committee on Finance.

He also presented a resolution adopted by Rau-Locke Post, No. 8, American Legion, Department of Connecticut, of Hartford, Conn., protesting against the action of the Navy Department in curtailing summer training cruises for the Naval Reserve, which was referred to the Committee on Naval Affairs.

He also presented a paper in the nature of a petition from the Manufacturers Association, of Windsor Locks, Conn., praying for reduction of governmental expenditures and the levying of sufficient taxes to balance the Budget, which was referred to the Committee on Appropriations.

He also presented the petition of the Ladies' Aid Society, South Park Methodist Church, of Hartford, Conn., praying for the passage of legislation providing for an investigation of the motion-picture industry and the regulation of certain practices therein, which was referred to the Committee on Interstate Commerce.

He also presented memorials of the Hartford County Amateur Radio Association (Inc.), of Elmwood; the Twin City Radio Club of Connecticut, of New Haven; and the Amateur Radio Research Club, of New London; all in the State of Connecticut, remonstrating against the passage of legislation to impose a fee on amateur radio operators and stations, which were referred to the Committee on Interstate Commerce.

He also presented the petition of the Norwalk-Westport Branch, American Association of University Women, of Rowayton, Conn., praying for the passage of legislation providing for Federal aid in maternity and infancy hygiene, which was ordered to lie on the table.

He also presented a resolution adopted by Avon Grange, of Avon, Conn., remonstrating against the imposition of taxes on the automobile industry, which was ordered to lie on the table.

He also presented letters in the nature of memorials from the mayor and council of the city of Torrington; Portland Lodge, No. 85, Independent Order of Odd Fellows, of Portland; the Connecticut Baptist Convention, of Hartford; Martha Washington Chapter, No. 32, Order of Eastern Star, of Ansonia; Old Well Lodge, No. 108, Free and Accepted Masons, of South Norwalk; James G. Blaine Council, No. 1, Junior Order United American Mechanics, of Stamford; Wooster Lodge, No. 37, Independent Order of Odd Fellows, of New Canaan; and Congregation Mishkan Israel, of



New Haven, all in the State of Connecticut, remonstrating against the passage of Senate bill 4080, providing for the discontinuance of the printing of return cards on stamped envelopes, which were referred to the Committee on Post Offices and Post Roads.

#### TAX ON MOTOR VEHICLES

Mr. VANDENBERG. Mr. President, owing to the limitation upon the time permitted for the presentation before the Finance Committee of the case against special and discriminatory and discouraging taxes upon motor vehicles, it was impossible to submit a disclosure of the complete protest. I have subsequently submitted to the Senate the exhibits which demonstrate the unequivocal opposition of organized agriculture to this impost. I now submit a letter from the National Publishers Association, a letter which was in evidence before the House Ways and Means Committee, showing the similar opposition of publications in the United States, with a total circulation of 60,000,000 copies per issue. Here again is a key group which believes that a discriminatory consumption tax upon automotion will be a direct and specific barrier to the stimulation of economic recovery. We dare not overlook the fact that balancing the Federal Budget is only part of our responsibility. It is equally vital that we should help the citizen to balance his own budget. I shall prove at the appropriate time that there is more hope for economic recovery in the average citizen's behalf through the ramifying economic stimulation of an unhampered automotive trade than from any other source. The attitude of the National Publishers Association is just one more among many demonstrations. I ask that the letter be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

NATIONAL PUBLISHERS ASSOCIATION,  
January 22, 1932.

Hon. JAMES W. COLLIER,  
Chairman House Committee on Ways and Means,  
Washington, D. C.

DEAR MR. COLLIER: The National Publishers' Association, representing the general magazines, business papers, agricultural and religious journals, respectfully submits to your honorable committee its opposition to the proposed Federal excise tax on automobiles. The membership of our association represents a circulation of 60,000,000 copies per issue.

The publishing industry has been hard hit by the current economic depression. We find it essential to preserve every possible source of revenue in order that we may maintain our service of information and education to the public. Receipts from general advertising have appreciably diminished in all classes of publications. It is imperative to the welfare of the individual publications that there should be no further shrinkage in the volume of advertising.

President Hoover has said: "Advertising has truly become one of the vital forces in our entire industrial and commercial system. And beyond this, it has in its repercussions set many currents moving of wider influence than even the economic life of our people. It is now fixed as an integral part of this complex of civilization which we have built up. One profound economic effect of advertising is oftentimes overlooked—its influence upon production. The general knowledge and rapid distribution of an article, which can only be accomplished through advertising, creates large production and thus lower costs and prices. Modern advertising is the handmaiden of mass production."

The automobile industry which has always been among the largest users of advertising space has recently shown signs of an upward turn—a most encouraging trend for the publishing industry and other industries. The advertising pages of the periodicals and newspapers are as carefully studied as news and editorial features, for they carry messages of interest direct to the American people. It is admitted that advertising has contributed in no small measure to the tremendous growth of the automotive industry. There is reason to believe that the marked curtailment of expenditures which will inevitably follow the imposition of excessive tax burdens will be reflected in advertising volume.

The advertising programs of automobile manufacturers have been projected months ahead based on price considerations which did not include the addition of an excise tax. Forced reductions in proposed advertising expenditures would be disastrous for publishers who are counting heavily on this class of business to lift them from the depression. If cancellations of advertising contracts follow the proposed tax increase the havoc will be felt far beyond the borders of the publishing industry. Months of preparation which necessarily precede a sales campaign will go for naught and the losses to publishers and others will be incalculable.

Very truly yours,

A. C. PEARSON, President.

#### THE REMONETIZATION OF SILVER

Mr. WHEELER presented petitions signed by Mrs. Ole Trang, secretary, and 28 members of Ossette Farmers' Union, Local No. 339, of Ossette, Lustre, Avondale, and Richland, in the State of Montana, and of 23 farmers and business men of Garvin and McClain Counties, in the State of Oklahoma, praying for the passage of the legislation known as the Wheeler silver remonetization bill, which were referred to the Committee on Finance and ordered to be printed in the RECORD, without the signatures, as follows:

OSSETTE FARMERS' UNION, Local 339,  
Lustre, Mont., April 30, 1932.

Hon. SENATOR WHEELER:

We, the members of Ossette Farmers' Union, Local No. 339, hereby petition your support of the Wheeler bill, S. 2487.

MAYSVILLE, ROUTE 1, OKLA.

Hon. BURTON K. WHEELER,

Washington, D. C.:

We, the undersigned farmers and business men of Garvin and McClain Counties, would like to see the bill S. 2487 passed during this session of Congress.

#### "TRUTH ABOUT SILVER"

Mr. THOMAS of Idaho. Mr. President, I present a letter written by Mr. Charles W. Beale and appearing in the Wallace Miner, Wallace, Idaho, on Thursday, May 12, 1932, relative to silver, which I ask may be printed in the RECORD and referred to the Committee on Banking and Currency.

There being no objection, the letter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

TRUTH ABOUT SILVER—FALLACIOUS STATEMENTS ABOUT MONEY AND CIRCULATION EXPOSED BY C. W. BEALE

WALLACE, IDAHO, May 10, 1932.

To the EDITOR OF THE WALLACE MINER:

There was published in last Sunday's Spokesman-Review a letter of Mark Sullivan entitled "No signs of radicalism in either of old parties," in which he gave considerable space to a discussion of "two kinds of money in field." One he named "currency" and the other "credit."

Without questioning the integrity of Mr. Sullivan but in justice to those who do not agree with him, it is thought his statement as to "credit money" should not pass unchallenged.

Credit is not money. Credit creates debt. Credit is not defined as money in Webster's New International Dictionary, but there has been quoted therein the following statement of Locke: "Credit is nothing but the expectation of money within some limited time."

Upon an examination of the report of the Comptroller of the Currency of the date of December 7, 1931, it will be found that on June 30, 1931, the 22,071 reporting banks in the United States had issued deposit receipts to their depositors in the aggregate sum of \$52,036,000,000 and that the cash in the vaults of those banks on that day amounted only to \$884,327,000, or less than 1½ cents in cash in those banks with which to pay each dollar of indebtedness to their depositors.

That appalling and intolerable situation is a complete refutation of the claim that the supply of money in the United States is sufficient for the business requirements and necessities of the people of this country.

It is difficult to understand why writers for the eastern newspapers and magazines upon the subject of money always support the cause of the bankers, always advocate borrowing from the bankers and paying the bankers interest, instead of furthering legislation that, without the interposition of bankers and the payment to them of interest, would place in circulation as money nature's silver deposits, and why those writers ignore the welfare of the people and combat every plan for the remonetization of silver, whereby the prosperity of the people would be promoted, their surplus consumed, the prices of their produce and products increased, and the markets for such produce and products expanded.

The American people need more silver dollars and not more debts, and if their supply of money is not soon increased the Government of these United States will be subjected to the supreme test of increased depression, deprivation, distress, and dissatisfaction.

Then the newspaper columnists may see this absorbing economic problem from a different viewpoint.

It is estimated the interest-bearing debts in the United States aggregate about \$150,000,000,000 and that there is not in existence in this country a greater amount of money than necessary to pay one year's interest on that vast indebtedness. Instead of increasing the supply of money the Reconstruction Finance Corporation will create debts to the amount of \$4,000,000,000. That corporation in the first instance borrows from the Treasury of the United States and the people \$2,000,000,000, and when that sum has been loaned there will be added another \$2,000,000,000 of debts.

The statement that the supporters of silver remonetization are repudiators and the charge that they advocate the coinage of



debased money and favor the payment of debts in 50-cent dollars is groundless and false.

The proponents of silver would not like to have their debts paid in "debased money" or "50-cent dollars." Nor do they wish the debtors in this country to be longer forced to pay their creditors in dollars of increased purchasing power over the dollars borrowed, to the unconscionable enrichment of those creditors, or to be longer required to expend two or three times more effort and to market two or three times more produce to obtain the dollars with which to pay their debts than would have been required of them at the time of contracting those debts.

Silver money is not "debased money" any more than gold money is "debased money."

Silver dollars are not "50-cent dollars" any more than gold dollars are "50-cent dollars."

Money is the creature of law and any substance, even gold, which by virtue of an act of Congress exists as money to-day, to-morrow by an act of Congress may be demonetized.

Had gold been demonetized and thereby its consumption limited to use in the arts, the 23.22 grains of fine gold in the gold dollar, which circulate as a dollar, would not have been worth 50 cents. Those grains of gold pass as a dollar by reason of an act of Congress and not because they would have a commercial value of a dollar in the event of the demonetization of gold.

It is just as legal, fair, and honest to make 412.5 grains of silver 0.900 fine a dollar as it is to make 25.8 grains of gold 0.900 fine a dollar. And based upon the commercial value of demonetized gold and the commercial value of demonetized silver the remonetized gold dollar would not have a greater intrinsic value than the remonetized silver dollar.

The Glass-Steagall bill authorizes the issuance by the Government of Federal reserve notes, paper promises to pay, upon obligations of the United States, also paper promises to pay.

If a silver dollar, having in itself an intrinsic value, is a "50-cent dollar," why is not the dollar in a Federal reserve note, having no intrinsic value, based upon a Government obligation also having no intrinsic value, a "50-cent dollar"?

For permission to put that Federal reserve note in circulation the circulating bank must have in reserve 40 cents in gold for each dollar of such note.

By referring to the Senator PITTMAN bill, S. No. 3606, it will be found that it provides for the sale of the silver bullion produced in the United States, in payment for which there is to be issued by the Government \$10, \$5, and \$1 silver certificates, being legal tender in payment of all debts, public and private, except where otherwise provided in the contract. The selling price of such silver bullion is the market price at the time of the sale, that is to say, when silver is worth 33 $\frac{1}{4}$  cents an ounce a dollar silver certificate will be issued for 3 ounces of silver. In other words, back of that dollar silver certificate there is a dollar of intrinsic value in the 3 ounces of silver deposited in the Treasury of the United States.

There are no facts to support the contention that the dollar silver certificate, which is redeemable in silver of an intrinsic value of \$1, is a "50-cent dollar." There would be more justification in the assertion that the dollar in the Federal reserve note, which is based upon gold of an intrinsic value of 40 cents, is a "40-cent dollar."

In the event of the remonetization of silver by law the silver and gold standard units of value would be maintained at a parity, and thereby the commercial values of silver and gold would be held at the same ratio as that provided by the act of Congress remonetizing silver.

There is nothing in the economic history of this country to support the claim that the inflation of our currency by remonetization of silver would cause gold to take its flight to foreign countries or throw us off the gold basis or involve the scramble for gold to pay maturing obligations.

Nor is there any merit in the repeated statement that the American people should not again adopt bimetallism on account of existing contracts payable in gold. After they had returned to the double standard there would be just as much gold in this country for the payment of gold contracts as before, and the debtors' ability to pay such contracts would be greatly increased by such restoration.

As a matter of fact, the practice in this country of inserting the gold clause into contracts is a mere form, and payments of such contracts are not made in gold. Their payment in gold could not be enforced for the simple reason there is not sufficient gold to pay them.

Do you know of an instance in the last 15 years in which a note or mortgage payable in gold was actually paid with gold, or where a decree of foreclosure on a mortgage payable in gold was discharged with gold, or where an individual paid gold for a bond issued by our Government or by any foreign country, or where a banker paid a depositor's check with gold?

In fact, even the interest on registered United States gold bonds is not paid with gold but by a check or draft drawn on the United States Treasury.

In her deposits of silver nature has provided ample wealth for the restoration of values, the return of prosperity, and relief from human hunger and distress.

Yours truly,

CHARLES W. BEALE.

#### THE ECONOMIC SITUATION

Mr. SCHALL. Mr. President, in to-day's mail there came to me from just one of the ordinary men a very well-written letter, which I ask permission to have printed in the RECORD.

There being no objection, the letter was ordered to be published in the RECORD, as follows:

MINNEAPOLIS, MINN., May 9, 1932.

HON. HENRIK SHIPSTEAD,  
HON. THOMAS D. SCHALL,  
HON. W. I. NOLAN,

Washington, D. C.

DEAR SIR: There is and was perhaps never a time in the history of our Government when the Senators and Congressmen are so much in need of clear and honest thinking as now. Perhaps much which they may do now will spell the ruin or safety of our Government and people in the future.

You are no doubt being besieged with requests from one small group after another to extend them special favors at the expense of our whole Nation. These minority or small groups have many angles of reaching you through their propaganda. These groups reach you mostly through their chambers of commerce and newspapers.

You very seldom hear from the average citizen unless it be at the polls. I classify myself as an average citizen, because I am not so situated as to be asking you for any special favors. I am just an ordinary workingman, and I am not working for either the State or Federal Government. But I am trying to do some honest and fair thinking after reading both sides of any question that may come up, and so are my good neighbors, as is evident from their conversation as we get together on our way to and from work.

I am convinced, and so is practically every man I meet, that this is a trying year on everybody, and it is up to our Congress to save us from further despair. We do not feel that this can be accomplished through means of cutting wages and thereby impairing our social standards; nor do we feel that it is to be accomplished through the cutting down or out of various appropriations which affect the general good of our Nation and which has taken years to build up and only to be thrown into the waste heap overnight. I am thinking particularly now of the Smith-Hughes bill, which helps our various small communities throughout the State and Nation to carry on additional work along trade lines in high schools and colleges in such subjects as agriculture, manual training, domestic science, etc. I have seen articles by New York newspapers to the effect that why should their people and State, through Federal taxes, help to educate the people and children of some other States. Personally, I feel this to be very selfish on their part to think and act this way, especially so when they of New York like to go to other States for the investment of their surplus capital and to extract large sums of money from these same States in the form of big dividends.

It is not necessary to cut out anything if our Congress will but have the courage to tax the wealth which we have. It is said by authority that there are upward of \$60,000,000,000 surplus in the corporations of America, one-third of which is placed in non-taxable securities. If this money was in the hands of the people to whom it rightfully belongs in the form of dividends we would not be experiencing the trouble we are going through to-day. Why should not insurance policies be taxed? At the present time it seems to be an avenue of escaping Federal taxes. It has been uncovered in several of the larger cities of America, where banks and trust companies are holding in trust large estates which have been escaping taxation for over 30 years, an amount running into several billions of dollars. If banks can collect 4 cents a check on checking accounts, why can not Uncle Sam dip into this racket also? If it is fair for banks, it is certainly fair for the Government. If it is fair for the commission houses to put on a tax for every exchange or transfer of a stock certificate or bond, it certainly is fair for Uncle Sam. If a man can earn \$100,000 he is certainly entitled to it; but is not the government of society that helped him make it possible to be deserving of some of it? Yes; and when a man can earn more than \$100,000 this government of society is certainly deserving of a decidedly larger share of the second one hundred thousand.

After all, it all hinges upon two main principles we are all agreed on in our neighborhood and they are—

First. That the man should be taxed according to his ability to pay and he should consider it a duty and a privilege to pay his just share.

Second. That the Government is responsible to see that every man who wants to work shall have that privilege.

A fair and correct taxation scheme will bring this about. You will find that all other arguments are but cross currents to these two points. If these two principles are kept in mind in drawing up taxes there will be no question about the distribution of our wealth. At the present time our wealth is neither fairly nor safely distributed for either the rich or the poor. When you men will distribute our wealth through taxation according to ability to pay, you will have solved all future depressions, unemployment, and social unrest. This does not necessarily mean that we would have to tax wealth to distribute it evenly among us. No; but to tax wealth so as to give every man the right to earn a living in a decent and self-respecting way if he chooses so to do. Congress owes this obligation to its people.



There is something deeper in the success of our national life than just economics for you men to study; you have the social well-being of all people to keep in mind. And if we have certain groups that are out to exploit other groups or the Nation for personal profit and gain, it is up to you as our representative and not theirs to redistribute this gain through taxation because of their ability to pay. Landowners can not stand this burden any longer; they must have help from the vast hidden wealth put up in securities of all kinds.

If Congress wants to do some cutting of expenses, there are many places other than on the Federal employees working for less than four or five thousand dollars a year. I may be wrong, but I never could see any just reason for this Tyson bill which gives to some of our former Army and Navy officers the right to draw fabulous pension salaries for the rest of their life from the Government, while they are holding down other big fat jobs as well. I am personally acquainted with some former officers who are drawing a nice neat sum from the Government every month anywhere from \$150 to \$280 a month for the rest of their life while they are, at the same time, working at another job for the Government or some one else at a very good living salary. These men are not disabled men either; to see them play golf and to hear them talk about themselves they never felt better in all their life. Their rights and privileges should not be any greater than those of any other soldier or sailor. At the present time it looks like class legislation. This bill is in for criticism among my acquaintances.

My rambling remarks may not be worth much, because you have undoubtedly heard them all before, but I just want you to know that we at home here are trying to do constructive thinking regardless of what the Journal, Tribune, or Star has to say about it, and hereafter we propose to use the ballot box effectively in search for leaders who will place their country above party, right above might, and the greatest good to the greatest number above selfishness and greed of minority groups. We do not care to hear evasive answers to questions nor apologies nor side stepping issues with lame apologies. We want our leaders to hit right square on the head of the nail from now on.

When all this has been done and kept constantly before Congress there will be no more depressions, hard times, and social unrest and we will then come closer to the ideals the fathers of our country really had in mind when they established this Republic.

You were elected because of the boasted ability and fearless statesmanship you were supposed to have. We back home are all waiting for that demonstration. What we need is a Congress of Andrew Jacksons.

Have you the vision? If so, then march fearlessly forward and the victory of the life beautiful is yours.

Yours truly,

CARL E. NELSON.

P. S.—Do not construe this letter as an opposition to the bonus. Our neighborhood is for the bonus. Intelligent thinking is not against it.

#### REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on Foreign Relations, to which was referred the joint resolution (S. J. Res. 124) to provide for the determination of claims for damages sustained by the fluctuation of the water levels of Lake of the Woods in certain cases, and for other purposes, reported it without amendment and submitted a report (No. 698) thereon.

He also, from the same committee, to which was referred the resolution (S. Res. 181) directing the Secretary of State to transmit to the agent of the United States all claims and notices of claims of American nationals against the Government of Germany under the treaty of Berlin of August 25, 1921, reported it without amendment and submitted a report (No. 697) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4667) to amend the act approved March 3, 1927, entitled "An act to permit the granting of Federal aid in respect of certain roads and bridges," reported it without amendment and submitted a report (No. 699) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5651) to amend chapter 15 of the Code of Law for the District of Columbia relating to the condemnation of land for public use, reported it with amendments and submitted a report (No. 700) thereon.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Montana:

A bill (S. 4674) authorizing the Secretary of the Interior to issue patents to school sections 16 and 36, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress; to the Committee on Public Lands and Surveys.

By Mr. HULL:

A bill (S. 4675) granting a pension to Phoebe Neal; to the Committee on Pensions.

By Mr. HASTINGS:

A bill (S. 4676) granting an increase in pension to Mary J. Baugh (with accompanying papers); to the Committee on Pensions.

A bill (S. 4677) for the relief of George H. Bennett, jr., William D. Clark, J. Howard Crossland, Henry F. Curlett, Jacob E. Keim, Harry C. Nickle, and J. Harry Nickle (with accompanying papers); to the Committee on Claims.

By Mr. DAVIS:

A bill (S. 4678) for the relief of F. S. Wertz & Son; to the Committee on Claims.

By Mr. LONG:

A bill (S. 4679) authorizing the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River at or near Pearlinton, Miss.; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 4680) to extend certain provisions of the river and harbor act of March 3, 1899, to the Virgin Islands; to the Committee on Commerce.

By Mr. WATSON:

A bill (S. 4681) granting an increase of pension to Barbara Fair (with accompanying papers); to the Committee on Pensions.

By Mr. HATFIELD:

A joint resolution (S. J. Res. 160) to amend Public Resolution No. 11, Seventy-second Congress, approved March 3, 1932; to the Committee on Agriculture and Forestry.

#### REWARD FOR INFORMATION IN THE LINDBERGH TRAGEDY

Mr. WALSH of Massachusetts. Mr. President, I introduce, upon request, a joint resolution, similar to one introduced by Representative JOHN J. DOUGLASS, of Massachusetts, on May 14, providing a reward for information leading to the arrest or conviction of the person or persons guilty of the kidnaping or causing the death of the Lindbergh baby, which I ask may be appropriately referred.

The joint resolution (S. J. Res. 159) providing a reward for information leading to the arrest and conviction of the person or persons guilty of the kidnaping or causing the death of Charles Augustus Lindbergh, jr., was read twice by its title and referred to the Committee on the Judiciary.

Mr. WALSH of Massachusetts. I present an accompanying statement by Representative JOHN J. DOUGLASS, a Member of the House of Representatives from Massachusetts, which I ask may be printed in the RECORD and referred with the joint resolution.

There being no objection, the statement was referred to the Committee on the Judiciary, to accompany the joint resolution, and ordered to be printed in the RECORD, as follows:

#### STATEMENT OF REPRESENTATIVE JOHN J. DOUGLASS, A MEMBER OF THE HOUSE OF REPRESENTATIVES FROM MASSACHUSETTS

On yesterday (May 14, 1932) I introduced in the House of Representatives a joint resolution providing for the payment out of Federal funds of \$100,000 reward to those responsible for the capture of the Lindbergh baby kidnap-murderers.

My measure, I believe, is sound and the most effective and economical way to bring the perpetrators of the atrocious crime to justice, since I am confident that among those of the dastardly ilk responsible for the child kidnap-murder will emerge some disgruntled creature who will prove his mettle by turning "stool pigeon," with the reward proposed as a "bait." Furthermore, it will inspire people everywhere to exert their wits and energies to uncover the killers.

A \$100,000 reward can in no sense be regarded as an extravagance, even at this time when everyone with the interests of the country at heart is striving to effect economies in governmental expenditures, Federal, State, and local. Already the Treasury Department alone has expended about \$100,000 with its Coast Guard



activities, telegraph tolls, and printing of posters. This not to mention the expenditures of the various other thousands employed in Federal law-enforcement agencies which have been ordered by the President to press the search unceasingly until the killers are captured. In my home city of Boston itself the police have spent many hundreds of dollars running down clues but with futile result, while vast sums of money have been expended by the States of New Jersey, New York, and other jurisdictions.

The great effort being made in the Lindbergh baby criminal hunt involves much more than uncovering the particular perpetrators of the recent crime. Every right-minded person realizes the security of every mother's child is at stake and that the challenge of kidnapers must be met to bring about their elimination from society. If this is not done it will be an admission that our law-enforcement machinery has broken down and has allowed criminals of the worst type to take the saddle.

#### HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred or placed on the calendar as indicated:

H. R. 4738. An act to incorporate the Disabled American Veterans of the World War;

H. R. 6678. An act amending section 1 of the act of March 3, 1893 (27 Stat. L. 751), providing for the method of selling real estate under an order or decree of any United States court;

H. R. 7238. An act to amend section 5 of the suits in admiralty act, approved March 9, 1920;

H. R. 8577. An act to amend section 95 of the Judicial Code, as amended;

H. R. 10587. An act to provide for alternate jurors in certain criminal cases;

H. R. 10589. An act to amend section 289 of the Criminal Code;

H. R. 10596. An act to amend an act entitled "An act to make persons charged with crimes and offenses competent witnesses in United States and Territorial Courts," approved March 16, 1878, with respect to the competency of husband and wife to testify for or against each other;

H. R. 10599. An act to fix the date when sentence of imprisonment shall begin to run, providing when allowance to a prisoner of time for good conduct shall begin to run, and further to extend the provisions of the parole laws;

H. R. 10640. An act to provide for the punishment of certain crimes against the United States;

H. R. 10641. An act to amend section 122 of the Judicial Code; and

H. R. 11336. An act providing for an additional justice of the Court of Appeals of the District of Columbia; to the Committee on the Judiciary.

H. R. 6599. An act to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy; and

H. R. 6735. An act to authorize the Secretary of the Navy to fix the clothing allowance for enlisted men of the Navy; to the Committee on Naval Affairs.

H. R. 7232. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899; and

H. R. 9058. An act to authorize the Secretary of War to accept on behalf of the United States a tract or parcel of land for park purposes, to the Chickamauga-Chattanooga National Military Park; to the Committee on Military Affairs.

H. R. 7793. An act to secure the departure of certain aliens from the United States; to the Committee on Immigration.

H. R. 8173. An act to provide for the renewal of 5-year level premium term Government insurance policies for an additional 5-year period without medical examination; to the Committee on Finance.

H. R. 9385. An act authorizing Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Des Moines River at or near St. Francisville, Mo.; and

H. R. 11246. An act authorizing the Boca Chica Bridge Co., its successors and assigns, to construct, maintain, and

operate a bridge across the Rio Grande at Boca Chica, Tex.; to the Committee on Commerce.

H. R. 10238. An act creating a reimbursable fund to be used for special medical and surgical work among the Indians of the Fort Peck Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

H. R. 11639. An act to authorize extensions of time on oil and gas prospecting permits, and for other purposes; to the Committee on Public Lands and Surveys.

H. R. 10585. An act authorizing the Fort Hancock-Portvenir Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Fort Hancock, Tex.;

H. R. 10590. An act to prohibit the misuse of official insignia; and

H. R. 10926. An act to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes; to the calendar.

#### RUSSIA'S DISARMAMENT PROPOSALS

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the Record a statement by Sidney Strong entitled "Russia's Disarmament Proposals Five Years Ago."

The VICE PRESIDENT. Without objection, leave is granted.

The statement is as follows:

#### RUSSIA'S DISARMAMENT PROPOSALS FIVE YEARS AGO

By Sidney Strong

It is now five years since Russia made her total-disarmament proposals, to be carried out generally, and with immediate speed. The statesmen of Christendom turned them down. At that time, I gathered for a full page of a daily paper on the Pacific coast the opinions of 60 American citizens, on What I Think of the Proposals and What I Think America Should Do. I happened to find this in my scrapbook, and am reproducing some of them, below. They furnish interesting reading. The arguments hold just as well now as five years ago.

It is not too late for the disarmament conference to turn to total disarmament. There may be a deadlock. I am praying for it. Some delegates may be big and farsighted enough to lead out in proclaiming that the only way to real peace for mankind is total disarmament. (I heard no woman's voice.)

Since listening to the last three days' discussion I am more than ever convinced of the wisdom and sanity of total disarmament now. Why not be realists enough to realize that there can be no real cure of war by reduction and limitation of arms, but real peace can come only by total disarmament, immediately undertaken? Germany was nearly disarmed in 1919. This shows what can be done. It was done in 90 days. There are brains enough to do a complete and general job of disarmament, in six months—a period of time that is liable to be spent by the conference in flatteries, wranglings, talking in a circle. Mankind wants a real peace, not a mere shifting of positions, in military strength. Are not our leaders (the cream of them are in Geneva this week) brave and big enough to make a dash for total disarmament?

Yours for total disarmament now,

SYDNEY STRONG.

(Care American Express, Geneva.)

#### WHAT I THINK OF THE RUSSIAN PROPOSALS, AND WHAT AMERICA SHOULD DO—OPINIONS 5 YEARS OLD BUT STILL GOOD

Devere Allen: "As a 110 per cent American it pains me to think that we could profit from following a suggestion emanating from another country, and Russia in particular. It is such a sensible proposal I fear Russia will only have her labor for her pains."

Clement M. Biddle: "This proposal tends to upset the world's greatest bar to progress—complacency. \* \* \* America should install some twentieth-century thinkers in her State Department."

Norman B. Barr: "It is the greatest opportunity to eliminate war that has ever been offered in the history of the world. The United States should offer its cooperation."

W. E. B. Du Bois: "I am glad of Russia's proposal. I think America should offer to disarm with the rest of the powers."

M. O. Evans: "God called Israel out of Egypt to teach the world religion. And here at last comes 'Bolshevik' Russia with a real proposal far in advance of any that has ever been made in the interests of peace and human well-being."

William Floyd: "Armaments are absurd for any nation except the few big powers. Small powers waste their income building forts and ships which can be destroyed in a week. Great powers are secure only in their imagination. Combinations can defeat any one nation. Peace has not followed armaments. \* \* \* Russia's plan is new, courageous, logical. It should be adopted by all nations. No one will suffer. Every country will be at least as safe as now."



S. Louise Foulkes: "America should have been first to propose this. 'Hats off' to Russia—manifesting greater enlightenment, as shown in these proposals, than other so-called Christian nations."

Kate Crane-Gartz: "Regret that America did not have the foresight nor sense to initiate the movement first."

Austin E. Griffiths: "The proposals should be taken most seriously."

Jane Garrett: "One of the noblest gestures ever made by any government in the history of the world. \* \* \* Those delegates who rebuffed Russia do not represent the common people of the world. \* \* \* If we are ever moved to support another disarmament conference, let us at least be sure that we are not supporting a body that should be called a conference for the continuance of armaments."

Allen Hayes: "With Russia's disarmament proposal the moral leadership of the world passes definitely into her hands. The people of the United States are called upon to rescue their government from the clutches of big business—operating through organizations of politicians—and fall into line behind Russia, with the declaration: 'We are as a nation forever done with war.'"

John Haynes Holmes: "Hurrah for Russia! The Bolsheviks called the bluff in magnificent fashion and the result is what we see. If ever the lid was ripped off hypocrisy and ineptitude, it was done this time. Hurrah for Russia again."

David Starr Jordan: "I think of Russia's proposals in the nature of a bluff. America ought to accept them, but will not, because we have so much money in armament and the details of imperialism. A big navy is a gigantic national adornment. Why should not the biggest spend most on navies or diamonds?"

Frederick J. Libby: "Reports from Geneva indicate that Russia is constantly working toward disarmament by any practicable plan available. The conference between Briand and Litvinoff is particularly encouraging."

W. D. Lane: "This proposal says, 'If you are really serious about putting an end to war; if you are really ready to quit fighting, you will have no further need of armies and navies. Scrap your navies and disband your armies. \* \* \* With whatever scorn or contempt the proposal may be treated, it will not down. It will continue to haunt all peace conferences. It is the acid test of any proposition for permanent peace.'"

Edward Laird Mills: "I believe Russia's proposals are sincere and should receive serious consideration."

John Orth: "A tremendous proposal. Have we the faith and courage to second it? For, if not, we must take the consequences."

William Pickens: "The Russians are right: That the way to disarm is to disarm—not to reduce the number and caliber of guns. America should make a like proposal to all the nations and endeavor to bring the only stable peace, a peace without threats."

Henry W. Pinkham: "The United States ought to follow suit."

J. Henry Scattergood: "The first proposal of its kind in all history made by the responsible government of a great people. It will ever stand as a challenge to the powers. Its purpose finds a friendly response among millions of people. The clear-cut Russian proposal is a great stimulus toward the new vision of a greater statecraft."

S. A. Stockwell: "Greatest contribution to world peace ever made, and goes to the root of the diabolical evil. The United States should immediately cooperate in this venture for a warless world."

Fred. W. Shorter: "I believe Russia is sincere. At the same time, she probably expected to get a little fun out of the squirming of the hypocritical representatives of the other big nations."

Upton Sinclair: "Get on the band wagon."

Norman Thomas: "A challenge of immense value. The United States should at once agree to come in with other nations to make general disarmament effective. If not, why not?"

Harry F. Ward: "The challenge is the test of the governments of the world. We should at once accept the principle of total disarmament within a period of five years and invite the other nations to a conference to sign agreements to accomplish it in progressive steps."

Theodore K. Vogler: "Never before has America had such a glorious opportunity to go the whole way and, with Russia, declare, in deed as in word, that she is in earnest about following the Prince of Peace."

Lydia G. Wentworth: "Russia's proposal gives an intelligent response that no halfway measures will suffice to eradicate a crime."

Robert Whitaker: "Her proposals are stated with the utmost frankness. Their first objective was to show up the capitalistic peace talk for what it is—bunk and worse. Beyond this Russia is willing to go any distance the Allies will go for world peace. America ought to second this, or make a better one of her own. She will do neither, because Wall Street governs."

Lincoln Wirt: "Did a peal of derisive laughter sweep the world when Russia challenged the League of Nations to disarm? Yet, one remembers that the scoffers of long ago once said, 'Can anything good come out of Nazareth?' If Russia is bluffing, why not call her bluff?"

## COMMENT

Instead of heading toward a deadlock—a logical conclusion of endless whittling down arguments over qualitative and quantitative reduction—why not turn to total disarmament now—and see how quickly the peoples of the world will brighten up.

## REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. CONNALLY. Mr. President, I desire to detain the Senate only a few moments. My reason for consuming any time at this moment is because so many Senators are now present who were absent yesterday when the amendment was discussed.

The amendment will raise \$113,000,000 for the fiscal year 1933 more than the Senate Finance Committee bill will raise on incomes. For a full calendar year the amendment will raise \$158,000,000 additional revenue. Let me say to Senators that unless we raise this additional amount in these income-tax brackets, we are going to have to raise it somewhere else.

Senators who are interested in keeping the tax on admissions from 10 cents up will not vote for this amendment because to adopt it would offer some hope of removing that objectionable tax. Let me suggest to Senators that those who are advocating the sales tax should not vote for this amendment because the more decreases we make in the bill, the stronger will be their argument in favor of the sales tax.

Senators who are in favor of a tax on bank checks ought not to vote for this amendment because it offers the only hope of taking out of the bill the obnoxious tax on bank checks. Senators who are opposed to the tax on bank checks ought to vote for the amendment because it will afford a means of removing that tax. Senators who are objecting to the increase in postal rates ought to support my amendment because if they do not it is inevitable that we have got to place increased taxes on first and second class mail matter.

Senators who do not want to see a tobacco tax adopted ought to vote for the amendment because the Secretary of the Treasury, when before the Finance Committee urging that this amendment be defeated, offered as one of the alternatives for securing this amount of revenue a tax on tobacco products.

Mr. HOWELL. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. Certainly.

Mr. HOWELL. Did I understand the able Senator from Texas to say that there is no other source of income that we can tax and thereby make up the difference?

Mr. CONNALLY. No; the Senator from Texas did not say that. The Senator from Texas said, with reference to items now in the bill, that unless Senators vote for this amendment whereby \$113,000,000 additional revenue will be secured, the objectionable taxes, such as the sales tax, taxes on picture shows, on bank checks, on admissions, on tobacco, and the postal-rate increases, can not all be discarded. That is what I said.

Mr. HOWELL. But, Mr. President, I want to suggest to the Senator that there are other sources of revenue that have not been touched in this bill.

Mr. CONNALLY. I shall be glad to have the Senator's suggestion, and I am sure the Senator from Utah, the leader on the other side in charge of this bill, will be glad to learn of any untouched sources of revenue.

Mr. HOWELL. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Nebraska to make a statement?

Mr. CONNALLY. I yield.

Mr. HOWELL. It will be recognized as a fact that the pyramiding of holding companies in connection with the power industry is evidence of tremendous earnings, and it is a fact that the earnings of the operating power companies have been least affected of any industry in the country. Assuming the gross income of power companies in 1929 to be



100, they were \$102.2 in 1930, 101½ in 1931, and for the first three months of this year they were 99.71.

Here is a source of income that we can tap without the tax being passed on to the people. We can take it out of the exorbitant profits of these operating power companies. I have an amendment pending proposing to impose a 3 per cent tax on gross income, to be payable from net income and not otherwise. That tax would raise between fifty million and sixty million dollars.

It must be remembered that the power companies all have rates fixed by the operation of law, and whereas their costs of operation since 1920 as compared with 1930 have fallen 44 per cent—I am talking now about the cost of generation and distribution which has fallen 44 per cent—their rates have not fallen comparably. The consequence is that here is a source of income which can be taxed and which will produce from fifty million to sixty million dollars if we have the will to do such a thing as that.

Mr. CONNALLY. Mr. President—

Mr. HOWELL. If any Senator—

Mr. CONNALLY. I did not intend to interrupt the Senator; I thought he was through.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Utah?

Mr. CONNALLY. I want the Senator from Nebraska to conclude, if he has not concluded.

Mr. HOWELL. I have concluded my statement, but if there be any question to be asked I shall be delighted to answer it.

Mr. CONNALLY. Mr. President, let me say to the Senator from Nebraska that when we reach that portion of the bill to which his amendment is applicable I shall be very glad to consider the amendment; we can debate it at that time; but I am anxious to conclude this particular amendment and to get a vote on it.

However, let me say to the Senator from Nebraska if he entertains the views which he has just stated, one way to reach the incomes and profits of the power companies is by taxing as proposed in this particular amendment the incomes derived from those corporations by their stockholders. The surtax rate carried in my amendment will increase the taxes of the owners of those properties for it is higher than the surtax rate of the pending bill. So the Senator has now an opportunity at this very moment of evincing his earnestness and his sincerity in trying to reach those very incomes by voting for this amendment; and when we reach the point in the bill where the Senator's amendment is applicable and germane, we shall be glad, I am sure, to consider the Senator's amendment at that time. It is unfortunate, however, that the Senator did not present his amendment to the Finance Committee.

Mr. HOWELL. I did present it to the Finance Committee.

Mr. CONNALLY. Then, it is unfortunate that the Senator did not persuade the Secretary of the Treasury of his party to adopt it and to urge it upon the Senate committee. I am in hearty sympathy with the purpose of the Senator's amendment, I will say to the Senator, according to his explanation; I have not studied it. However, Mr. President, in conclusion I will—

Mr. HOWELL. Mr. President—

Mr. CONNALLY. Does the Senator from Nebraska desire to say a word further?

Mr. HOWELL. May I interpolate just a word?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. I yield.

Mr. HOWELL. The tax I propose may be placed upon the power companies without affecting their dividends. Take, for instance, the Potomac Electric Power Co. of this city; they have the lowest rates in the United States. Their rate this year is 3.9 cents as a maximum. Last year it was 4.2 cents; and last year, after paying all the costs of operation and maintenance, depreciation, and taxes, and after a return

of 7½ per cent upon the rate base allowed by the Public Utilities Commission of this city, there still remained over a million dollars; and we would take but \$300,000 of that \$1,000,000 if we applied this tax. In other words, there were excess earnings of a million dollars over and above a fair return.

Mr. CONNALLY. Is the Senator from Nebraska against my amendment?

Mr. HOWELL. I hesitate about increasing the rates in the lower brackets unless they are increased in the upper brackets.

Mr. CONNALLY. Let me say to the Senator that my amendment increases the rate in the higher brackets from 45 to 55 per cent. I am willing to tax the big man and also tax the little man in a fair relationship. I am willing to tax the little man, and this amendment maintains the same relationship through all the brackets. If the Senator has the feeling that he has expressed he can not afford to vote against this amendment.

Senators are talking about reducing Federal expenses; they are talking about reducing the salaries of employees of the Government, of the clerks in the departments. Mr. President, how can Senators justify cutting down the salaries of clerks and employees unless they are willing to make those who pay taxes on large incomes bear a fair increase in their tax?

My amendment starts at \$2,500, and on a \$3,000 net income the taxpayer will pay only \$20. That is graduated up until it reaches a maximum surtax rate of 55 per cent on incomes above \$1,000,000.

I submit this amendment, Mr. President, with the statement that it increases the rate in all brackets and not simply in the higher brackets. It increases the tax on small incomes in a fair relationship and proportion to the tax on the large incomes. It will raise \$113,000,000 additional revenue, and, unless it shall be adopted, before this bill shall be finished the Senate will be going about with a fine-tooth comb and a microscope hunting additional sources of revenue. The Senate has either got to put this tax on those who can pay or it is going to have to put taxes on the necessities of the people, on the wants of the people, on the appetites of the people, on the amusements of the people, on the tobacco of the people, on bank checks, which will be a clog and discouragement to the revival of business.

Mr. President and Senators, I submit this amendment in the confident hope that if the Senate will adopt it, it will save itself many weary hours later on in the consideration of this bill when it comes to wrestle with the numerous objectionable and obnoxious excise taxes in various forms which the bill contains. I am willing to have a vote on the amendment.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Texas.

Mr. TRAMMELL obtained the floor.

Mr. SMOOT. Mr. President, will the Senator yield for just a moment?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Utah?

Mr. TRAMMELL. I yield.

Mr. SMOOT. Mr. President, the Senator from Texas has stated that the estimated yield from his amendment over and above the yield which would be produced by the provision reported by the Senate Committee on Finance is \$113,000,000.

Mr. CONNALLY. That is for the fiscal year 1933.

Mr. SMOOT. Yes; that is as I understood the Senator. Last evening after the Senator had made the statement, I desired to know what the estimate of the Treasury was in relation to this same amendment. I am now informed by the department that their estimate is that the additional yield would be from \$65,000,000 to \$75,000,000. The department thinks that \$75,000,000 would be the very outside estimate and that \$65,000,000, more than likely, would be the amount of revenue realized.

Mr. CONNALLY. Mr. President—



The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Texas?

Mr. TRAMMELL. I yield.

Mr. CONNALLY. The Senator from Utah will recall that the estimates of the Treasury Department for many years past have not proven to be accurate in the light of subsequent developments. The Senator's statement, however, rather than being an argument against this amendment is an argument in its favor. It dispels the fear that some have expressed that the rates in the amendment are so high that they will hurt business. But suppose the amendment produces only \$75,000,000 additional revenue, that is for only six months of the year, and I have every reason to believe that for the full calendar year the amendment will produce far in excess of \$100,000,000.

Mr. TRAMMELL. Mr. President, as I expressed myself in regard to the Couzens amendment, I think it is very unfortunate we have to pounce on people having small and medium net incomes and seek to get such an enormous increase in revenue out of that group of our citizens. The pending amendment, of course, contemplates an increase of something like 50 to 100 per cent in the taxes upon people who receive net incomes, we will say, of from one to six or seven thousand dollars. I think a tabulation would support that statement. I realize, however, that we are in desperation when it comes to the matter of securing revenue, and we have, under those circumstances, to merge our views and our preferences and our sentiments to quite an extent and of necessity select the objects for taxation which may serve best the revenue requirements under the existing distressing situation.

I very much regret that it is necessary to resort to such an increase in the rate of taxation in the lower income brackets. I wish that some other source of revenue might be discovered other than this particular source and that we might not have to obtain revenue in this way.

I am going to offer an amendment to the amendment touching on the question of earned income. It seems that Senators who are so desirous to increase the income-tax rate have in mind and in contemplation making it as hard as possible for people who are in the lower brackets of net income derived from salaries. It is bad enough, of course, to make these enormous increases in the rates of taxation upon that class of taxpayers, but the Couzens amendment proposed—and so does the amendment of the Senator from Texas [Mr. CONNALLY]—that the earned-income provision which has been carried in the law for a good many years shall be repealed. In other words, a person who makes an income from his own labor and industry is to have no advantage whatever in the matter of paying taxes in the lower brackets, but he is to pay just the same as the person who has an income derived from capital invested.

The Congress has heretofore adopted and carried in the law for many years the policy that earned income up to a given amount should be allowed a deduction of 25 per cent. We ascertain what the net income is, what the tax would be, and then a person who has made this income from his own labor and his industry is allowed a deduction of 25 per cent of the amount of the tax up to a net income of \$10,000, I think it is, under the present law.

The Finance Committee has sought to reduce this deduction, and carries in its bill a provision that there shall be a deduction of 12½ per cent only. The present law provides for a 25 per cent deduction. Now the Senator from Texas [Mr. CONNALLY] comes along and would strike out altogether the allowance on account of earned income.

I believe that the policy that has prevailed for many years is a very righteous and just policy; that in the lower brackets of incomes, especially, we should give a little different consideration to earnings received from a person's labor and industry than that which we give to earnings purely upon capital investment.

I am therefore going to move, on page 10 of the amendment proposed by the Senator from Texas, that lines 5 and 6 be stricken out. I offer that amendment. Those two lines

deal entirely with the matter of the repeal of the earned-income deduction.

The VICE PRESIDENT. The amendment offered by the Senator from Florida to the amendment of the Senator from Texas will be stated.

The CHIEF CLERK. On page 10 of the amendment of the Senator from Texas it is proposed to strike out lines 5 and 6, which read:

On page 37 strike out lines 14 to 24, both inclusive, and all of page 38 (being the earned-income provisions).

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Florida to the amendment of the Senator from Texas.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. SMOOT and others called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote.

Mr. BULOW (when his name was called). On this question I have a pair with the senior Senator from New Jersey [Mr. KEAN], who is absent. If he were present, he would vote "nay," and if I were at liberty to vote I should vote "yea."

Mrs. CARAWAY (when her name was called). On this question I have a general pair with the senior Senator from Colorado [Mr. WATERMAN]. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. McNARY (when his name was called). On this question I have a pair with the senior Senator from Alabama [Mr. BLACK]. Therefore I withhold my vote.

Mr. NORBECK (when his name was called). On this question I have a pair with the junior Senator from South Carolina [Mr. BYRNES], and therefore withhold my vote. If the Senator from South Carolina were present, he would vote "nay," and if I were at liberty to vote I should vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKELLAR]. I transfer that pair to the junior Senator from Oregon [Mr. STEWERT], and will vote. I vote "nay."

The roll call was concluded.

Mr. JONES. I have a pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I do not know how he would vote on this question, and therefore withhold my vote. If at liberty to vote, I should vote "yea."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. In his absence, and not knowing how he would vote, I withhold my vote.

Mr. NEELY. On this question I am paired with the junior Senator from New Jersey [Mr. BARBOUR], who is necessarily absent. If he were present, he would vote "nay," and if I were at liberty to vote I should vote "yea."

Mr. CONNALLY (after having voted in the affirmative). Pending the announcement of the roll call, I desire to propound a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. At a future stage of the bill, would an amendment substantially like this amendment, but varying in some details, be in order?

The VICE PRESIDENT. That would depend upon whether or not it covered items in the Senate amendments which had been agreed to by the Senate. If so, it would not be in order.

Mr. CONNALLY. I therefore change my vote from "yea" to "nay" for the purpose of being in a position to move a reconsideration at a later stage.



Mr. SHEPPARD. I desire to announce that the Senator from Illinois [Mr. LEWIS] is necessarily detained from the Senate on official business, and that the Senator from Alabama [Mr. BLACK], the Senators from Virginia [Mr. SWANSON] and [Mr. GLASS], and the Senator from South Carolina [Mr. BYRNES] are necessarily absent from the city.

The result was announced—yeas 31, nays 46, as follows:

## YEAS—31

Blaine	Couzens	La Follette	Sheppard
Borah	Cutting	Long	Shipstead
Bratton	Dill	McGill	Thomas, Okla.
Brookhart	Frazier	Norris	Trammell
Bulkeley	George	Nye	Vandenbergh
Capper	Howell	Pittman	Walsh, Mont.
Cohen	Hull	Robinson, Ind.	Wheeler
Costigan	Johnson	Schall	

## NAYS—46

Ashurst	Fletcher	Keyes	Smoot
Austin	Glenn	King	Stephens
Bailey	Goldsborough	Logan	Thomas, Idaho
Barkley	Gore	Metcalf	Townsend
Broussard	Hale	Morrison	Tydings
Carey	Harrison	Moses	Wagner
Connally	Hastings	Oddie	Walcott
Coolidge	Hatfield	Patterson	Walsh, Mass.
Copeland	Hawes	Reed	Watson
Davis	Hayden	Robinson, Ark.	White
Dickinson	Hebert	Shortridge	
Fess	Kendrick	Smith	

## NOT VOTING—19

Bankhead	Byrnes	Kean	Norbeck
Barbour	Caraway	Lewis	Steiwer
Bingham	Dale	McKellar	Swanson
Black	Glass	McNary	Waterman
Bulow	Jones	Neely	

So Mr. CONNALLY's amendment was rejected.

## THE STOP-ROOSEVELT MOVEMENT

Mr. WHEELER. Mr. President, out of order, I send to the desk an editorial from the Philadelphia Record, an independent paper published in the city of Philadelphia, and ask that it be read by the clerk.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the editorial will be read.

The Chief Clerk proceeded to read the editorial.

Mr. SMOOT. Mr. President, was unanimous consent given for the reading of this article?

The PRESIDING OFFICER. It was. The Chair stated that without objection it would be read.

Mr. SMOOT. I have no objection to putting it in the RECORD, but if I had known what it is I should have objected to its reading.

The PRESIDING OFFICER. The clerk will continue the reading of the editorial.

The Chief Clerk resumed and concluded the reading of the editorial, which is as follows:

[From the Philadelphia Record of May 16, 1932]

## THE STOP-ROOSEVELT MOVEMENT MAY YET STOP THE DEMOCRATIC PARTY

In 1800 a Nation aroused by the violation of fundamental American liberties swept the Federalists out of office and placed Thomas Jefferson in the White House.

Not since that time has the Democratic Party had a greater opportunity than the one offered it by the presidential elections next November.

The great masses of this Nation are ready to register—on the third anniversary of the stock-market crash—their dissatisfaction with the Hoover do-nothingism that has impoverished business and left 10,000,000 unemployed facing starvation.

What will the Democratic Party do with this opportunity?

The national convention is six weeks off and although Gov. Franklin D. Roosevelt is overwhelmingly in the lead, a movement continues to block his candidacy, deadlock the convention, and embitter the party on the eve of what can be its most successful campaign.

No one doubts that a majority of the party rank and file favor Roosevelt. It is known that his nomination will bring the party valuable support from the progressive wing of the Republicans. There is even talk of a third party to join the Democrats in support of Roosevelt.

Yet a small band of influential and wealthy men, setting themselves up as dictators of the party, still seek to set aside the popular choice and replace him with a candidate of their own choosing.

The Nation may yet see a repetition, this time at the Democratic Convention, of the venal, back-room methods used to nominate Harding at the Republican Convention in 1920.

Party majorities will be set aside while a small group bargain and trade to nominate their own man.

That man will be a conservative, a blank check, an unknown dark horse, a Hoovercrat.

Democrats, it has been said, have a talent for snatching defeat from the jaws of victory.

That familiar blundering will be repeated if the party goes before the Nation next November by opposing Hoover with a Hoovercrat.

Progressive Republicans, although disgruntled with Hoover policies, will stay within the Republican fold. Many ordinarily independent voters will stay at home. Others will throw away their vote in desperation to one or other of the minority parties.

And Hoover may be reelected.

The Nation asks progressive policies in the White House instead of do-nothingism. It wants relief for the unemployed. It needs inflation. It demands an end of Government for and by privilege.

Roosevelt, the progressive, is the party's one chance to meet that need. The opposition given him by Raskob and Shouse attests to his liberalism.

If the Democratic Party permits a small group of dictators to stop Roosevelt, stopping Roosevelt will also stop the Democratic Party next November and save Hooverism from defeat.

## TWO-THIRDS RULE OF DEMOCRATIC NATIONAL CONVENTION

Mr. ASHURST. Mr. President, I regret to take even one minute from the discussion of the tax bill, but apropos of the article just read I wish to say that a number of Democratic Senators have already been chosen to be delegates to the coming Democratic National Convention. I hope—and I now use the Senate as a sounding board for the purpose of expressing that hope—that they will make it their business to adopt a rule so that hereafter the archaic, un-American, un-republican rule of two-thirds in the national convention will be abolished. That two-thirds rule cost the Democrats the Presidency twice in the history of this Republic. It does not belong in a democratic republic. The two-thirds rule does not belong to a Democratic convention. The Senators here who are delegates to that convention will make the greatest contribution to the party they can make if they abolish that archaic rule.

Mr. DILL. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. DILL. I would like to ask the Senator how he would go about to secure the abolition of the two-thirds rule. If we attempt to change a rule when there is a fight on, we are accused of changing the rule while the game is going on.

Mr. ASHURST. No sportsman—and every Democrat must be a good sportsman or he would not be a Democrat—no sportsman, no fair man, ever changes the rules in the middle of the game. But the first resolution introduced in the coming Democratic convention ought to be one to the effect that hereafter a majority shall be sufficient to nominate a candidate in a Democratic National Convention.

Mr. SMOOT. Mr. President, may we not proceed with the tax bill?

Mr. DILL. The Senator from Arizona has the floor, and I wanted to ask him another question.

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Washington?

Mr. ASHURST. I shall not take much time. This matter is as important as the tax bill.

Mr. DILL. The Senator knows that the delegates to the convention are chosen with the understanding that there is a two-thirds rule. The coming convention will be confronted with what every Democratic convention meets, namely, if we attempt to change the rule to affect the procedure of this convention, those delegates who are in the minority will say that it is in the interest of the candidate who is in the lead. I wondered what the Senator's practical suggestion would be as to how we might best go about eliminating the two-thirds rule.

Mr. ASHURST. My suggestion is that no sooner than our friend the Senator from Kentucky [Mr. BARKLEY] makes his keynote address a resolution be introduced declaring it to be the sense of the convention that hereafter a majority shall be sufficient to nominate a candidate.

Mr. DILL. But the Senator knows that no rule this convention would adopt could affect another convention because each convention makes its own rules.

Mr. ASHURST. It might not be legally binding, but it would be an expression of the opinion of a most important body of men upon a great question.



The PRESIDING OFFICER. The clerk will state the next amendment.

Mr. ASHURST. I say again that I have no disposition to delay the progress of the tax bill. In fact, I am going to withhold the delivery of five or six protracted speeches I intended to deliver, in order that we may speed up the tax bill. But no Senator must exhibit an impatience or an irritation this morning when I am talking upon the very important question of trying to urge Senators who are delegates to get rid of a body of death that has clung to us for a hundred years. Senators must not be irritated when I am making this great contribution to my party when I ask them to change an archaic rule and take this body of death—this two-thirds rule—from about our necks.

Mr. BAILEY. Mr. President, I wish to say just this, that the Democratic Party is not going to get anywhere in the way of nominating anybody for the Presidency, or electing anybody President, or defeating anybody for the Presidency, by interrupting the processes of legislation here which are designed to balance the Budget, when the whole American structure is at stake, and time is of the essence of the project.

Mr. SMITH. Mr. President, I just want to reply to my good friend from North Carolina by saying that there is more hope for Democratic victory from ultimately balancing the Budget than from what we are doing now.

#### REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. LONG. Mr. President, I wish to send to the desk an amendment to the schedule we are now considering, and ask to have it read to the Senate.

The PRESIDING OFFICER. The clerk will report the amendment offered by the Senator from Louisiana.

The CHIEF CLERK. The Senator from Louisiana [Mr. Long] offers the following amendment:

Strike out lines 8 to 25, both inclusive, on page 10, all of pages 11, 12, 13, and 14, and lines 1 to 22, both inclusive, on page 15, and in lieu thereof insert the following:

"\$110 upon net incomes of \$10,000; and upon net incomes in excess of \$10,000 and not in excess of \$12,000, 4 per cent in addition of such excess.

"\$190 upon net incomes of \$12,000; and upon net incomes in excess of \$12,000 and not in excess of \$14,000, 5 per cent in addition of such excess.

"\$290 upon net incomes of \$14,000; and upon net incomes in excess of \$14,000 and not in excess of \$16,000, 6 per cent in addition of such excess.

"\$410 upon net incomes of \$16,000; and upon net incomes in excess of \$16,000 and not in excess of \$18,000, 7 per cent in addition of such excess.

"\$550 upon net incomes of \$18,000; and upon net incomes in excess of \$18,000 and not in excess of \$20,000, 8 per cent in addition of such excess.

"\$710 upon net incomes of \$20,000; and upon net incomes in excess of \$20,000 and not in excess of \$22,000, 9 per cent in addition of such excess.

"\$890 upon net incomes of \$22,000; and upon net incomes in excess of \$22,000 and not in excess of \$24,000, 10 per cent in addition of such excess.

"\$1,090 upon net incomes of \$24,000; and upon net incomes in excess of \$24,000 and not in excess of \$26,000, 11 per cent in addition of such excess.

"\$1,310 upon net incomes of \$26,000; and upon net incomes in excess of \$26,000 and not in excess of \$28,000, 12 per cent in addition of such excess.

"\$1,550 upon net incomes of \$28,000; and upon net incomes in excess of \$28,000 and not in excess of \$30,000, 13 per cent in addition of such excess.

"\$1,810 upon net incomes of \$30,000; and upon net incomes in excess of \$30,000 and not in excess of \$32,000, 14 per cent in addition of such excess.

"\$2,090 upon net incomes of \$32,000; and upon net incomes in excess of \$32,000 and not in excess of \$34,000, 15 per cent in addition of such excess.

"\$2,390 upon net incomes of \$34,000; and upon net incomes in excess of \$34,000 and not in excess of \$36,000, 16 per cent in addition of such excess.

"\$2,710 upon net incomes of \$36,000; and upon net incomes in excess of \$36,000 and not in excess of \$38,000, 17 per cent in addition of such excess.

"\$3,050 upon net incomes of \$38,000; and upon net incomes in excess of \$38,000 and not in excess of \$40,000, 18 per cent in addition of such excess.

"\$3,410 upon net incomes of \$40,000; and upon net incomes in excess of \$40,000 and not in excess of \$42,000, 19 per cent in addition of such excess.

"\$3,790 upon net incomes of \$42,000; and upon net incomes in excess of \$42,000 and not in excess of \$44,000, 20 per cent in addition of such excess.

"\$4,190 upon net incomes of \$44,000; and upon net incomes in excess of \$44,000 and not in excess of \$46,000, 21 per cent in addition of such excess.

"\$4,610 upon net incomes of \$46,000; and upon net incomes in excess of \$46,000 and not in excess of \$48,000, 22 per cent in addition of such excess.

"\$5,050 upon net incomes of \$48,000; and upon net incomes in excess of \$48,000 and not in excess of \$50,000, 23 per cent in addition of such excess.

"\$5,510 upon net incomes of \$50,000; and upon net incomes in excess of \$50,000 and not in excess of \$52,000, 24 per cent in addition of such excess.

"\$5,990 upon net incomes of \$52,000; and upon net incomes in excess of \$52,000 and not in excess of \$54,000, 25 per cent in addition of such excess.

"\$6,490 upon net incomes of \$54,000; and upon net incomes in excess of \$54,000 and not in excess of \$56,000, 26 per cent in addition of such excess.

"\$7,010 upon net incomes of \$56,000; and upon net incomes in excess of \$56,000 and not in excess of \$58,000, 27 per cent in addition of such excess.

"\$7,550 upon net incomes of \$58,000; and upon net incomes in excess of \$58,000 and not in excess of \$60,000, 28 per cent in addition of such excess.

"\$8,110 upon net incomes of \$60,000; and upon net incomes in excess of \$60,000 and not in excess of \$62,000, 29 per cent in addition of such excess.

"\$8,690 upon net incomes of \$62,000; and upon net incomes in excess of \$62,000 and not in excess of \$64,000, 30 per cent in addition of such excess.

"\$9,290 upon net incomes of \$64,000; and upon net incomes in excess of \$64,000 and not in excess of \$66,000, 31 per cent in addition of such excess.

"\$9,910 upon net incomes of \$66,000; and upon net incomes in excess of \$66,000 and not in excess of \$68,000, 32 per cent in addition of such excess.

"\$10,550 upon net incomes of \$68,000; and upon net incomes in excess of \$68,000 and not in excess of \$70,000, 33 per cent in addition of such excess.

"\$11,210 upon net incomes of \$70,000; and upon net incomes in excess of \$70,000 and not in excess of \$72,000, 34 per cent in addition of such excess.

"\$11,890 upon net incomes of \$72,000; and upon net incomes in excess of \$72,000 and not in excess of \$74,000, 35 per cent in addition of such excess.

"\$12,590 upon net incomes of \$74,000; and upon net incomes in excess of \$74,000 and not in excess of \$76,000, 36 per cent in addition of such excess.

"\$13,310 upon net incomes of \$76,000; and upon net incomes in excess of \$76,000 and not in excess of \$78,000, 37 per cent in addition of such excess.

"\$14,050 upon net incomes of \$78,000; and upon net incomes in excess of \$78,000 and not in excess of \$80,000, 38 per cent in addition of such excess.

"\$14,810 upon net incomes of \$80,000; and upon net incomes in excess of \$80,000 and not in excess of \$82,000, 39 per cent in addition of such excess.

"\$15,590 upon net incomes of \$82,000; and upon net incomes in excess of \$82,000 and not in excess of \$84,000, 40 per cent in addition of such excess.

"\$16,390 upon net incomes of \$84,000; and upon net incomes in excess of \$84,000 and not in excess of \$86,000, 41 per cent in addition of such excess.

"\$17,210 upon net incomes of \$86,000; and upon net incomes in excess of \$86,000 and not in excess of \$88,000, 42 per cent in addition of such excess.

"\$18,050 upon net incomes of \$88,000; and upon net incomes in excess of \$88,000 and not in excess of \$90,000, 43 per cent in addition of such excess.

"\$18,910 upon net incomes of \$90,000; and upon net incomes in excess of \$90,000 and not in excess of \$92,000, 44 per cent in addition of such excess.

"\$19,790 upon net incomes of \$92,000; and upon net incomes in excess of \$92,000 and not in excess of \$94,000, 45 per cent in addition of such excess.

"\$20,690 upon net incomes of \$94,000; and upon net incomes in excess of \$94,000 and not in excess of \$96,000, 46 per cent in addition of such excess.

"\$21,610 upon net incomes of \$96,000; and upon net incomes in excess of \$96,000 and not in excess of \$98,000, 47 per cent in addition of such excess.

"\$22,550 upon net incomes of \$98,000; and upon net incomes in excess of \$98,000 and not in excess of \$100,000, 48 per cent in addition of such excess.

"\$23,510 upon net incomes of \$100,000; and upon net incomes in excess of \$100,000 and not in excess of \$150,000, 52 per cent in addition of such excess.

"\$49,510 upon net incomes of \$150,000; and upon net incomes in excess of \$150,000 and not in excess of \$200,000, 56 per cent in addition of such excess.



"\$77,510 upon net incomes of \$200,000; and upon net incomes in excess of \$200,000 and not in excess of \$300,000, 60 per cent in addition of such excess.

"\$137,510 upon net incomes of \$300,000; and upon net incomes in excess of \$300,000 and not in excess of \$500,000, 63 per cent in addition of such excess.

"\$263,510 upon net incomes of \$500,000; and upon net incomes in excess of \$500,000 and not in excess of \$1,000,000, 64 per cent in addition of such excess.

"\$583,510 upon net incomes of \$1,000,000; and upon net incomes in excess of \$1,000,000, 65 per cent in addition of such excess."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. LONG. Mr. President, the amendment which I have sent to the desk I wish to explain briefly.

I have undertaken to make it possible for everybody believing in the Couzens amendment, but who has some misgivings as to the irregularities, as he sees them, in the lower brackets, in the brackets below \$10,000, to vote for this amendment, and to harmonize whatever divergencies of opinion there may be on this score.

The senior Senator from Massachusetts [Mr. WALSH] and others have informed me that they have made certain increases in the lower brackets which they thought were as high as the lower brackets should go. That is in the ordinary tax before we reach the surtax. Under the Finance Committee bill we reach the surtax at incomes of \$6,000. These Senators thought the lower incomes had been increased as high as they should go in the matter of taxation. The Senator from Alabama [Mr. BANKHEAD], in offering his amendment yesterday, thought we ought not to begin revising the Finance Committee's schedule until we passed incomes of \$25,000. The Senator from Alabama, however, and the Senator from Florida [Mr. TRAMMELL] both said that if we would have excepted incomes up to \$10,000 they would have felt more friendly toward the Couzens amendment.

I have looked over the matter, and I find that as between the Couzens amendment and the Connally amendment the Couzens amendment would yield a great deal more revenue than the Connally amendment. The amendment which I have proposed will yield more money, I believe, than the Connally amendment but less money than the Couzens amendment. I have undertaken to find in the RECORD the table which was offered by the Senator from Michigan [Mr. COUZENS], which was made up by the joint Finance Committee, showing what his schedules would produce, but I have not been able to locate it.

Mr. SMOOT. I will find it for the Senator.

Mr. LONG. I thank the Senator. It will be shown, as I shall illustrate from my amendment, that the real substantial increase in incomes, contrary to what has been expressed in the Senate, does not come from the lower brackets so much. It comes from the incomes around \$10,000 to \$30,000.

The Senator from Utah has kindly located the table for me, and I shall read from Table No. 1, I believe it is.

Mr. COUZENS. Mr. President, is the Senator looking for the amount of return in each bracket?

Mr. LONG. Yes.

Mr. COUZENS. That will be found on page 10186 in Table 2.

Mr. LONG. I have it now, and I thank the Senator.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Mississippi?

Mr. LONG. Certainly.

Mr. HARRISON. I want to get clear in my mind what the Senator's amendment would accomplish. He takes the Couzens rates on incomes over \$10,000 and does not disturb anything below that?

Mr. LONG. That is correct. In order to illustrate how much this will yield—

Mr. NORRIS. Mr. President, may I interrupt the Senator at that point?

Mr. LONG. Certainly.

Mr. NORRIS. When the Senator said he does not disturb anything below \$10,000, does he mean he takes the committee bill on incomes below \$10,000?

Mr. LONG. Yes.

Mr. NORRIS. So the Senator's amendment follows the committee proposal on incomes up to \$10,000 and the Couzens amendment from there on?

Mr. LONG. Yes.

Mr. COUZENS. Mr. President, has the Senator had an estimate made of what loss of revenue would result from that plan?

Mr. LONG. No; but I can come pretty close to it.

Mr. COUZENS. That is a very important thing.

Mr. LONG. Yes; it is. It will yield more revenue than the Connally amendment, I think. I mean it will increase the amount of Federal Treasury receipts. From the Senator's table, I can come within a few dollars of what it would mean. I say "a few dollars," but I mean a few million. We are so used to talking about millions of dollars that I use that expression as it is generally used and am not as careful in its use as I would be unless I were drawing papers in a suit for damages where I am not restrained by anything except my conscience.

On incomes up to \$1,000, the Couzens amendment would increase the revenue \$400,000. The Couzens amendment would increase the revenue on incomes from \$1,000 to \$2,000 by \$23,000,000. On incomes from \$2,000 to \$3,000 the Couzens amendment only increases the revenue \$31,000,000. That is about \$55,000,000 total up to that point.

On incomes from \$3,000 to \$5,000 the Couzens amendment would increase the revenue \$65,000,000, which makes a total of somewhere around \$100,000,000 of revenue to be obtained on incomes up to \$5,000. On incomes from \$5,000 to \$10,000 the Couzens amendment would increase the revenue about \$70,000,000. The Couzens amendment accordingly would increase the revenue, according to the estimate, \$392,000,000 over the Senate Finance Committee proposal. Is not that correct, may I ask the Senator from Michigan?

Mr. COUZENS. My amendment would have increased it \$331,000,000, but the Senator is throwing away too many millions of dollars.

Mr. LONG. I am perfectly willing to do that. I thoroughly agree that we are losing more than we should lose, but it is better to put \$160,000,000 into the Treasury with the Senator's schedule of rates than to put nothing in there with his schedule of rates.

Mr. NORRIS. In other words, as I understand the Senator from Louisiana, he supported the Couzens amendment?

Mr. LONG. Yes.

Mr. NORRIS. He supported the Connally amendment?

Mr. LONG. Yes.

Mr. NORRIS. So that he has done all he could with the Senator from Michigan [Mr. COUZENS] and with the Senator from Texas [Mr. CONNALLY] to increase the revenue upon the lower brackets. He failed in that, and now the Senator proposes to get what is left of the Couzens amendment that has not already been voted away?

Mr. LONG. Yes. Not only do I propose that—and I am sorry the Senator from Michigan has left the Chamber because I wanted to say something that I am sure would interest him. I have undertaken to secure the adoption of the Couzens schedule from top to bottom. That has been voted down. Then I undertook to secure the adoption of the Connally schedule, and that was voted down. The reasons which have been urged by some have been that they were unwilling to increase the taxes on incomes in the lower brackets. Therefore, I have now come back to the only place from which we can start to raise revenue for the Government at this time.

Mr. President, here is the situation in which we find ourselves. There is no one in the Senate who can vote against my amendment on the ground that it is going to affect in the slightest the man with a small income. It will give to the Government something like \$150,000,000 to \$160,000,000 more revenue. It does not to the slightest extent take from



the bill one single dime that is reported by the Finance Committee. I can see how some Senators can honestly differ about voting on increased taxes on incomes in the lower brackets. I can understand how some Senators could honestly and conscientiously entertain the school of thought that the lower incomes should be taxed as little as possible. That is a proper thought. If the Government need only \$160,000,000 that is what we ought to do. If we needed only \$160,000,000 then in my opinion what we ought to do is to raise it from the higher brackets. But when we have gone through the tax bill—and this is what I wanted to impress upon the Senator from Michigan—and have only \$160,000,000 under the Couzens amendment then it will be time enough for us to say if we have been unable to raise the revenue needed in that way, and if we have been so unable, we had better go back and insert the lower brackets as proposed in the Couzens amendment.

We are going finally to reach this kind of a situation. There are many men writing editorials in the newspapers to-day and many men in the Treasury Department to-day who are clamoring because they do not want the schedule of rates proposed by the Senator from Michigan because of the fact, they will say, that it raises the taxes on some of the smaller incomes. As a matter of fact, it does not raise any tax on small incomes, because eliminating the sales-tax scheme will mean a net saving to every one of the small income-tax payers. But to get away from that claptrap I have proposed that we amend the bill and this schedule and eliminate those items up to \$10,000, and after having eliminated the items up to \$10,000 then let us take the amendment proposed by the Senator from Michigan and go right on up with the brackets until we have reached the needed amount of revenue for the country.

Mr. President, this is what the opposition might well term "the millionaires' schedule," but it is not in reality any such thing. The man making \$10,000, \$12,000, \$25,000, \$40,000, \$50,000, or \$100,000 pays the bulk of the tax.

Under my amendment the amount of revenue received from men whose incomes are from \$10,000 to \$25,000 is increased by over \$80,000,000. Under the amendment of the Senate Finance Committee it would be \$174,000,000.

The amount of revenue from men whose incomes run from \$25,000 to \$50,000 will be increased from \$93,000,000 to \$129,000,000.

On incomes from \$50,000 to \$100,000 the increase is from \$103,000,000 to \$135,000,000.

On incomes from \$100,000 to \$150,000 the increase is from \$49,000,000 to \$70,000,000.

On incomes from \$150,000 to \$300,000 the increase is from \$37,000,000 to \$63,000,000.

On incomes from \$300,000 to \$500,000 the increase is from \$35,000,000 to \$59,000,000.

On incomes from \$500,000 to \$1,000,000 the increase is from \$34,000,000 to \$60,000,000.

On incomes over \$1,000,000 the increase is from \$56,000,000 to \$96,000,000.

That is the amendment which I have proposed in order to consolidate the various and sundry items. I voted for the amendment of the Senator from Texas [Mr. CONNALLY]. I voted for the amendment of the Senator from Michigan [Mr. COUZENS]. I would be willing to accept the amendment of the Senator from Michigan with the amendment proposed by the Senator from Florida [Mr. TRAMMELL]. But we are here with our forces about to be divided. We are here with one side opposing this effort because they want to keep any taxes from being paid by the wealthy interests of the country if it can be avoided. That is their line of thought. They do not want to put any taxes on the big fortunes of the country that can be avoided. That is the extreme group advocating the sales-tax idea. The sales-tax idea is the income tax upside down. It is simply a tax placed upon the masses to relieve the classes and the millionaires of having to pay the normal surtax that they otherwise would be expected to contribute to the support of the Government.

Mr. President, what is the excuse for not getting together upon some reasonable increase in these rates? What are we going to gain by not doing it? What is the reason why we should not eliminate, if we can not get the bill otherwise? When we have eliminated the incomes up to \$10,000 and have gone through this bill on that theory, and then when we reach automobile taxes and radio taxes and theater taxes the very men who are opposed to the schedule proposed by the Senator from Michigan will be in favor of taking the brackets proposed by him and putting them in this bill, because of the fact that they will see that it is not going to save the wealthy interests of this country to hide behind a smoke screen and they might as well come out in the open and vote for the Couzens amendment. That is what I think will be the result in the consideration of this bill.

Mr. President, I have, I think, pretty well covered the bill, and I think the Senate understands the bill. I have pretty well covered the reasons for the bill; but I wonder what we are going to do when we go back to our people, with two national party conventions rapidly approaching, if we have avoided placing the taxes of this country where there are profits fairly to sustain them.

The Senator from North Carolina [Mr. BAILEY] says that the Democratic Party can do more good by passing this bill and balancing the Budget than in any other way; that that will be of greater service to the party than anything else we can do. Mr. President, if we pass the right kind of a bill and the Democrats stand as they ought to stand, we will do great service to the party; but we can do nothing worse for the Democratic Party than to swallow hook, line, and sinker the bill which has been handed us by the Republican Secretary of the Treasury and admit to the world at large that we are mere spokesmen of the Secretary of the Treasury of the United States. Where would the Democratic Party be if we were to swallow this thing that has come out of the Senate Finance Committee?

Talk about being a Democratic Party document, when we are told that it came from the Republican Secretary of the Treasury! After the committee had spent three weeks writing a bill of their own and after all the evidence had been submitted they concluded that they would let him come to the committee room, and in the twinkling of an eye they changed it. What is the use of having two conventions? Why not hold them both at the same time? Why run around over this country for three weeks and talk about helping the Democratic Party? If there is going to be any credit to anybody by passing this particular creation it is going to be credit reflected upon the Republican Party, and the Democratic Party is going to share whatever blame there may be for this obnoxious hybrid that has come here as the result of the representations and the demands of the Treasury Department.

I agree with the Senator from North Carolina that it will be a good thing for the Democratic Party to pass a tax bill, but only if the Democrats stand here for the right kind of a bill. What credit is going to accrue to the Democratic Party when they will have to come out and say, "We wrote a tax bill which was adopted in the Finance Committee, but the Republican Secretary of the Treasury told us to do something else, and we did what he told us to do"? What kind of a claim will that be to make?

Mr. LOGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Will the Senator from Louisiana yield to the Senator from Kentucky?

Mr. LONG. I yield to the Senator from Kentucky?

Mr. LOGAN. The Senator seems to be proceeding upon the idea that the Senate Finance Committee drafted this bill. The Senator overlooks the fact that all revenue bills must originate in the House of Representatives, and that the Democratic House of Representatives passed this bill with lower rates than the Senate Finance Committee has reported to the Senate.

Mr. LONG. The Senator is mistaken in what he understood me to say. I am sure the Senator was not here last



evening when I spoke for a few minutes on this matter. Was the Senator present yesterday evening?

Mr. LOGAN. I did not hear the speech of the Senator from Louisiana, but I understood that it occupied more than a few minutes.

Mr. LONG. That is merely a question of opinion. I should like to tell the Senator from Kentucky what happened. The Senator from Mississippi and the Senator from Michigan and the Senator from Utah, as the Senator from Kentucky can read in the Record, told the story. I do not believe my distinguished friend from Illinois [Mr. Lewis] was here and listened to the speech I made.

Mr. LEWIS. It is always a great loss not to hear the Senator.

Mr. LONG. It was a very learned speech; I myself made it. [Laughter in the galleries.]

The PRESIDING OFFICER. The Chair must admonish the galleries again that there must be no demonstration. If the rules of the Senate are not respected, the doorkeepers will take notice, and the galleries will be cleared.

Mr. LONG. Mr. President, what I was saying in answer to my friend the distinguished Senator from Kentucky is that the Finance Committee, after working three weeks and hearing witnesses, adopted a certain income-tax schedule, namely, the rates embraced in the so-called Connally amendment. They wrote those rates in the bill and announced that the bill would be reported to the Senate. After they had worked three weeks framing that bill, and when they had wound up their labors by adopting the schedule of income-tax rates proposed by the Senator from Texas, the chairman of the committee, the Senator from Utah—and he will not dispute this—said, "I am going to send for the Secretary of the Treasury," or words to that effect; and so, after the committee had worked for three weeks and had adopted the schedule of rates contained in the Connally amendment, the next morning the Secretary of the Treasury appeared on the scene, and in 20 minutes they undid what they had taken three weeks to do. Yet some Senators talk about our action on this bill reflecting credit on the Democratic Party. When you go out before the people with this kind of a monstrous hybrid they will say to you, "You can not claim any credit for this kind of a thing."

Mr. President, are we going before the people as a party and tell them that we are going to swap them something, that we are going to swap an untrained Texas Spanish mustang for a horse that is worn out? "We are going to swap the devil for the witch. You can get out the frying pan, but you must fall into the fire."

A great party convention will soon be called to assemble, to meditate, and to deliberate relative to the welfare of the people. They will pass a resolution viewing with alarm something that has happened, acknowledging with regret something that has not happened, and then "whereas" and "therefore be it resolved that we commend the Democratic Party and censure the Republican Party by reason of the action of the Democratic Party and by reason of the action of the Republican Party." The sole issue tendered in this bill which the Senator from North Carolina mentioned is that we yielded the stand of the Democratic Party and adopted whatever the Republican Party told us to do. The only ones who did not seem to be in the conference were the people of the United States. The two parties were in perfect harmony.

Mr. President, I myself have certain conceptions about this tax bill. For a number of months I have been in failing health; I have been an overworked man; I have felt that I should avoid any effort in public affairs that I could possibly escape. One of the main reasons why I came to Washington was in order that I might get some relief from the tantalizing publicity of American affairs. I did not want to go where I would be in the midst of domestic issues. So I came to Washington, where I knew I would be farther away from America than I could be on some foreign shore; not that I do not respect this as a good part of America but in its general routine the heart of America is felt less here

than at any place I have ever been. I have never had money enough to go very far, but the heart of America is felt less right here in good old Washington, D. C., than at any other place I have ever been, so much so that here on the floor of the Senate, Mr. President, one of the leading Democrats has arisen and said that if we want to help the party out we should pass this tax bill in the quickest possible way.

I am going to be honest with the people of the United States. If the Democratic Party passes this tax bill I am not going to go out before the people of the United States and say that they ought to condemn the Republican Party and that they ought to uphold the hands of the Democratic Members of the Senate for what they have done. I am going to be honest with them. I am going to tell them that we yielded to the opinions of the Republican Secretary of the Treasury; and there is any credit due for this thing, it should be given to the Republican Party. I am not going to go out and tell them one thing when I know another thing to be true.

Some wonder why Louisiana is the leading Democratic State. It is because the leadership of the Democracy of that State has never deceived the people on the issues. It has never talked one way and voted another. The party leadership in the State of Louisiana has never talked one way and done the other thing; it has never made fish of one and fowl of another; and if we are here trying to surrender the Democratic Party to the Republican administration, then let us know what we are doing and be honest about it. If we are here to surrender the Democratic Party to the Republican administration, then let us say, "All right." We had a tax bill which the Democrats adopted, the committee took three weeks to frame it, but it was the votes of the Democrats—for, as I understand, in the vote of 11 to 7 by which the Connally amendment was adopted in committee a majority of those in the affirmative were Democrats—that made possible the amendment and made possible the report of the bill by the Senate Finance Committee.

Mr. President, if we Democrats say that the ideas and the principles of Mr. Ogden L. Mills and of the Republican administration are better on snap judgment than three weeks' work that has been done by a committee over which the Democratic Party was in a position to assert absolute dominance, then how are we going before the people of the United States and make any issue, except to say, "if we can follow the Republican Cabinet and can follow the White House, then there is no reason why the people of the United States should not follow the Republican administration in the coming political campaign."

So far as the United States Senate is concerned—and I will be a member of the resolutions committee when the Democratic convention meets in Chicago—I am going to say if the Democrats stand back of this bill and the Democratic Party succeeds in the coming election that it will disown the actions of the Democracy of the United States Senate. I shall go before the people and advocate something else and refuse to claim that the Democratic Party in this Senate has done anything that will reflect good credit upon it if we stand here and adopt Ogden L. Mills's income-tax schedule and allow wealth to hide while taxes are imposed upon every little man who has 11 cents to spend to go to a moving-picture show.

I have a right to speak for the Democracy of this country because I unquestionably represent a State, without any challenge about it, that is a Democratic State, because I unquestionably represent a party without any challenge about my representing it. I was twice unanimously elected the national Democratic committeeman of the State of Louisiana. I was elected to the United States Senate from that State without any opposition whatever in the ranks of any opposing party or independent candidates. I have been the governor of my State, and I can say that the rank and file of the great State of Louisiana—and the same kind of people live everywhere else—are not concerned in this bill from the standpoint of any credit that it is going to gain us in partisan politics. But when we get to the merits



of this bill and then begin to consider what we have done and what we are not doing we have a pitiful spectacle presented to us.

Here is Democracy's opportunity. Here is the opportunity to be of service to the people. Here is the chance for this party to have been of service to the people of the United States. Here is our chance to have been of help to the poor man. Here is our chance to have relieved him of the burdens and to have given him the benefits of a government that could have promoted the enterprises and furnished the conveniences and the facilities needed by every man, woman, and child in this country. I say, Mr. President and my friends in the Senate, that the Democratic Party never has had the chance it has to-day to be of service to the American people. It does not need to put anybody else in the White House to do it. It can do it now, because the President of the United States would not and could not afford to veto this revenue bill when it comes to him from the Senate. We can do it now. There are enough Senators over there on the Republican side who are in favor of this kind of legislation that if the Democratic membership of the Senate so willed they could pass a bill here that would give exactly everything that the people are clamoring for to-day. We can not disown it, and I am not going to go out to fool the people of this country about it.

I tell you that the Democratic Party to-day can write this tax bill any way it wants to. The Democratic Party can write this bill to-day if it wants to; but, instead of doing that, it has seen fit to bow low in humble submission to receive the benedictions of the Republican administration.

I am not going out to the people of the United States to tell them anything that is not true about this matter. We have no issue on this proposition. The condition we have on it is that the Democratic Party has thought more of the opinions and recommendations and dictates and demands of the Secretary of the Treasury of the United States than it has of its own. That is the condition we are in.

I do not have, and I think from what I have said no one will glean that I have, any personal animus toward my associates of the party. I am undertaking to advise them as I would be advised. I am undertaking to tell them as I would be told that it is up to the Democratic Party to amend this bill in such a way as to place the burdens of taxes upon the wealth of this country rather than where they are now. I guess I do not understand some principles of party politics. I can not understand how anybody can stand up here in the Senate of the United States, or over in the lower House of Congress either, and deliver a long political harangue attacking the President of the United States, and attacking the Republican administration, and attacking the messages of the President of the United States, and then come right in here and stand right by every one of these bills, and then get up and make another partisan speech.

I would not be sincere if I did that kind of a thing. I know they are very likely sincere, but I want to tell you it is time for this political humbugging to stop—this thing of getting up on the floor of the United States Senate and making a long-winded political speech about Hoover or Hooverism, and coming back here in the United States Senate and voting for everything that Hoover and Hooverism stand for. It is time that you found out that the people back at the fork of the creek are not any such mugwumps as you think they are. They are not fooled by that claptrap. That is why we have lost.

I have sat here, since I have been in the United States Senate and listened to speeches condemning the President of the United States in the most vicious and caustic terms, blaming him for what he is and for what he ought to be blamed; and when those who make the speeches formulate a plan of their own to rescue this country from Hooverism and bring it into the Senate, the administration supporters do not have to do anything but send one of Hoover's disciples down there, and they rewrite the bill, and the Democrats come in here with it just as they say, and then they go out and tell the country that we ought to make a swap between parties! [Laughter.]

There is something above party politics in this country. Our friends on the Democratic and Republican sides have found that out. It has been well expressed by the Senator from Utah [Mr. SMOOT], the Senator from Mississippi [Mr. HARRISON], the Senator from Arkansas [Mr. ROBINSON], and the senior Senator from Indiana [Mr. WARSON], that there is something above party politics. They have managed to sink into the depths of water below which nothing can be seen every feeling of partisan politics and to stand against a bill or against any amendment that is going to levy any taxes upon the big fortunes of this country. That is a lofty, all-pervading act of patriotism on the part of those men.

I heard one outside the Senate some days ago say, "Partisan though I admit myself to be." He is the only one who ever admitted himself to be partisan when it comes to a bill of this kind. But they have submerged their feelings. Abel and Cain have become the same man when it comes to a bill that taxes wealth.

You can not get them together on the tariff, maybe. You can not get them together on prohibition, or on child welfare, or on laws to cure unemployment; but, bless my heart, when they come in here with a bill that proposes to save the wealth of the land from being imposed upon with the kind of taxes we think they should have, the partisanship is sunk and there is never anything to interfere.

That is called a commendable attitude, and I call it a commendable attitude. If I felt the way that they feel about this kind of legislation, I would regard it as commendable. In order that Mammon might be served and never touched, if I believed that it was a bad thing to touch these higher incomes, I would commend the patriotic impulses which have actuated these men and which have caused them so magnanimously to agree.

Mr. President, Voltaire said something that always impressed me. He said that if there were no God it would be necessary to create one. A man ought to be given a belief that he has some place to go; that somewhere "at the end of the rainbow there is happiness." He ought to be given a right to believe that somehow, somewhere, he has a place to go. You have not any right to lock the door and tell the man that there is no place he can go; but you are doing it here in Congress to-day. You have locked the common people of the United States out of the house. They can not go to the Democrats, because they are just as bad here as the Republicans are. They can not go to the Republicans, because they have what they have, anyway, and we are not offering anything whatever to the people. I want to say, since this matter of partisan politics is brought up here in the Senate while I am discussing this amendment, that we do not give a tinker's rap of our finger, we do not care one continental about winning the election this fall if we are going to have what we have here, anyway, when it is over. We do not care whether or not we have any particular success down in my part of the country. We want a chance. We want something done for the poor people of this country and for the business people of this country. We want something besides speeches. We have had enough of them.

Mr. President, I want to read something that I ran across. I intended to wait a few minutes, but I may read it again before I conclude if I should take occasion to stay here for a few minutes longer. I want to read an address of Daniel Webster in commemoration of the first settlement of New England, delivered at Plymouth, December 29, 1820.

I have read you from Bryan. I have read you from Roosevelt. I have even read you from Hoover. I have read you from every statesman this country has ever had. I have read you from the Bible. I have read you from the publications. I have read you from Lord Bacon. Now I want to read a few lines that I ran across that Daniel Webster delivered in an address of December 22, 1820. Here are those few lines. Said Webster:

The freest government, if it could exist, would not be long acceptable if the tendencies of the law were to create a rapid accumulation of property in few hands and to render the great mass of the population dependent and penniless. In such a case the popular power would be likely to break in upon the rights of property, or else the influence of property to limit and control



the exercise of popular power. Universal suffrage, for example, could not long exist in a community where there was a great inequality of property.

Hear these words of Webster, who must be condemned as fifty times the socialist that I could be condemned for anything that I have said here on the floor of the Senate or anywhere else.

Hear these words of Webster. They do not mean anything unless you want to hear them. These are words which are to be found in the Scriptures, these are words to be found in all English law writers, these are words to be found in what has been written and delivered by practically every statesman from Lincoln on up, and back as far as we know of the country. The statement continues:

The holders of estates would be obliged in such case, either in some way to restrain the right of suffrage, or else such right of suffrage would soon divide the property. In the nature of things, those who have not property, and see their neighbors possess much more than they think them to need, can not be favorable to laws made for the protection of property. When this class becomes numerous, it grows clamorous. It looks on property as its prey and plunder, and is naturally ready, at all times, for violence and revolution.

That is just what happened in Russia. Webster says that when this class becomes numerous, it grows clamorous. How numerous has the class become in America to-day, when it can be said that 80 per cent of the people of this country combined do not own 5 per cent of the wealth of the United States to-day? That is the condition pictured by Daniel Webster.

Mr. President, I want to say that I have no intention of referring to any member of the party at this time, but I am going to read from a letter of William Jennings Bryan dated September 22, 1908, published in the *Commoner* on October 2, 1908:

[From the *Commoner*, October 2, 1908]

DETROIT, MICH., September 22, 1908.

HON. THEODORE ROOSEVELT,

*President of the United States.*

DEAR SIR: In a statement given out by you yesterday and published in this morning's papers, you indorse a charge made against Governor Haskell, of Oklahoma, to the effect that he was once in the employ of the Standard Oil Co., and as such employee was connected with an attempt to bribe or influence Attorney General Monnett, of Ohio, to dismiss suits pending against the Standard Oil Co. In indorsing this charge you attack the Democratic Party and its candidate, saying that "Governor Haskell stands high in the councils of Mr. Bryan and is the treasurer of his national campaign committee."

Your charge is so serious that I can not allow it to go unnoticed. Governor Haskell has denied that he was ever employed by the Standard Oil Co. in any capacity or ever connected in any way with it or with the transaction upon which your charge is based.

Governor Haskell demanded an investigation at the time the charge was first made, offering to appear and testify, and he demands an investigation now. I agree with you that if Governor Haskell is guilty as charged, he is unfit to be connected with the Democratic National Committee, and I am sure you will agree with me that if he is innocent he deserves to be exonerated from so damning an accusation.

WILLIAM J. BRYAN.

That was the opinion of William Jennings Bryan as to what could be expected of a member of a party employed by the Standard Oil Co. and engaged in questionable compromises of lawsuits. That was the opinion of William Jennings Bryan at that day and time. That is my belief now. I have taken my lines and symbols and signals from such doctrine as is there enunciated.

Mr. President, having covered this matter, we now come to a banner, since this matter was brought up by the Senator from Arizona [Mr. ASHURST] and the Senator from North Carolina [Mr. BAILEY]. I have in my hand a reproduction of an advertisement used in the last presidential campaign. It has a picture of the President of the United States in the center of it. It is headed "For Home and Happiness, Vote for Hoover." Underneath that is this:

There is no guaranty against poverty equal to a job for every man. That is the primary purpose of the economic policies we advocate.

HERBERT HOOVER.

Another statement signed by the President, or at least made by the President, is to this effect:

LXXV—654

Our purpose is to build in this Nation a human society, not an economic system. We wish to insure the efficiency and productivity of our country, but its final purpose is happier homes.

To-day I see in the paper that our last standard bearer of democracy, the Hon. Alfred Emanuel Smith, whom I supported in the last political campaign, heading the party in my State, which gave him its biggest vote—to-day I see in the paper that Mr. Smith gives the program which he wishes the Democratic Party to follow here in Congress. He advocates the sales tax, just as Hoover advocates it. He advocates everything that is now being advocated by the Republican Party.

During that campaign I thought that it would mean a great deal for the people of this country to elect the Democratic candidate instead of the Republican candidate. I must now confess, from the present actions of that kind of leadership, from the announcements which are being made by Mr. Smith, Mr. Baruch, and Mr. Young, that I do not think it would have made as much difference as I thought it would had we elected the Democratic standard bearer instead of the present President. The fact of the matter is that I do not know that it would have made any difference. I am not going to be caught going out in another political campaign, invading States surrounding my State, or in any other place, telling the people anything contrary to the facts of politics.

We have our chance here now, if we want to do anything, to do it. We lack but one or two votes of having a majority of the Senate sitting on the Democratic side, and we know that there are enough votes on the Republican side so that we could pass the Couzens amendment, or could pass a law taxing the wealthy interests of this country to support this Government, without any trouble whatever. We are not going to be able to go out and humbug and hoodwink the people and convince them that there is no blame on the party whatever for not having passed this thing, because we received our orders from the White House on this side of the Chamber, when Mr. Ogden L. Mills came before the Senate Committee on Finance. We can not say that the Republicans could do any better than take their instructions from the Cabinet officers of the present Republican administration. There is no use messing with this thing. There is no use going out to the people and trying to tell them anything else, and I am not going to tell them anything else.

I do not know of a time when I was guilty of standing on a political stump and telling the people one thing when I knew that something else was true, and I am not going to tell the people of the United States that the United States Senate could have done better had it had another vote or two on this side of the aisle, because in my opinion we have the opportunity here now; and the pitiful thing about the whole matter is that we are here to-day fighting with our backs to the wall, trying to enact into law what the Senate Finance Committee thought was necessary to be enacted into law. We are trying here to-day to enact into law what we know and have from the lips of the members of the Senate Finance Committee they thought was necessary at the time when they had the pending bill under consideration, and now we are back before our people with this kind of a proposition.

I say, Mr. President and Members of the Senate, that we ought to do our duty by the people here regardless of any supposed-to-be party loyalty to back up the recommendations of the Secretary of the Treasury, particularly such peculiar kind of party loyalty as that which comes from the Democratic side of this Chamber. I do not see it. I can not see it.

The Senator from Michigan [Mr. COUZENS] proposed to balance the Budget. He submitted a very finely worked out and carefully analyzed schedule. He proposed to balance the Budget in a fair way and in a rightful way. I supported the amendment of the Senator from Michigan. I supported the amendment of the Senator from Texas. Those amendments would have placed the burden of this Government upon the man who is making the money. I liked the Couzens



amendment better than I liked the Connally amendment. I think the amendment which I have now offered is probably a little bit better than the Connally amendment and not so good as the Couzens amendment.

The amendment which I have offered, however, leaves no man the excuse to vote against this schedule, and I warn my friends in the Senate, I would not want to have this facing me in a campaign in the fall of the year. I know the Senator from Mississippi says—and I am saying this in reply to what he has said—that we ought to forget our political life and our political hopes, and put this bill across. But he is advising you to make a peculiar kind of a sacrifice. He is advising you to offer yourselves upon the altar of sacrifice for very, very poor reasons, in my opinion. He may think they are lofty reasons and purposes, but I do not think so.

I am advising you against that kind of political suicide. I am advising you to save yourselves by saving the people of this country. I am advising you to take something that is popular with the people of this country, because they think that the profits of this land ought to support these various and sundry heavy costs of government.

Mr. President, I think I have explained the pending bill pretty thoroughly. I have explained the party loyalty supposed to be required. I have undertaken to disillusion anyone feeling that he owed certain party loyalty on the Democratic side and on the Republican side.

My amendment follows the Finance Committee's schedule up to incomes of \$10,000, and on incomes above \$10,000 it follows the schedules of the Couzens amendment. It leaves only the little man, or the man making less than \$10,000, out of any increase above that provided by the Senate Finance Committee bill. It can not be said that the Government would lose a dime of revenue which would be collected under the Senate Finance Committee bill, because on incomes below \$10,000 we would not disturb the recommendations of the Senate Finance Committee. It can not be said that the little man would be hurt, because we do not begin to make any increase above those recommended by the Finance Committee until we reach incomes of \$10,000.

I submit that, stripped of all verbiage and pretense, this amendment is an undertaking to reconcile and harmonize whatever views one may have on balancing the Budget, on supporting this Government, and on avoiding the onerous type of taxes which must of necessity be placed upon the people unless we do balance the Budget, as the Senator from Michigan says.

But here is a prophecy that I will make, and I will stake my political life on this prophecy coming true. If you vote the schedule I am now advocating and put a tax on all incomes above \$10,000, it will not be a week, it will not be two days, before those gentlemen who have appeared to be so solicitous about the little man will come right back here and tell you to go ahead and put the income tax on the balance of them that were included in the Couzens amendment. All in the world you have to do is to clear that fog away and they will come right back here on their bended knees and say, "Let us take it all and be through with it." Once we adopt this schedule, I know the votes will come to include everything from \$10,000 down. If we adopt the schedule from \$10,000 up, there will be no quibbling about it at all when we get a little farther along. It will be said, "All right, let us put it on from \$10,000 down."

Once we put it in the higher brackets the interests of the Secretary of the Treasury will be extinct. He will have lost the cheap glory that he had in mind, because what he is concerned about is protecting the big fortunes. Once we place this tax to support the Government on incomes above \$10,000 he will lose his interest in the matter.

That would include the Members of Congress. I have thought it best to start the schedule so that it would include the Members of Congress, so that no one could charge that I had any objection to paying the tax myself. Personally, I am not of the type of people who believe the salaries of Congressmen are too high. I do not believe it. I do not

believe the salaries of Senators are too high. I am not afraid to tell the people of Louisiana, as I told them when I was a candidate for the United States Senate, that a man sitting in the United States Senate who is capable of sitting there ought to draw a salary much larger than Senators are being paid now. I am not a bit afraid of my people. My people and the people of all other parts of the United States understand the situation, and if the Congressmen of the country would simply insist upon that kind of salaries there would be no objection. But I have included the salaries of Congressmen so that point might not be eliminated and everyone might bear his just share of taxes under the schedule. I have eliminated the little men, and now I ask the Members of the Senate, Senators of the 48 States, to adopt this schedule.

I do not want this inserted in the RECORD again, Mr. President, but I am going to reread just a line or two from Daniel Webster. He said:

The holders of estates would be obliged, in such case, either in some way to restrain the right of suffrage or else such right of suffrage would soon divide the property. In the nature of things, those who have not property and see their neighbors possess much more than they think them to need, can not be favorable to laws made for the protection of property.

The freest government, if it could exist, would not be long acceptable if the tendencies of the law were to create a rapid accumulation of property in few hands and to render the great mass of the population dependent and penniless.

The great publication in the home city of my friend the Senator from Illinois [Mr. LEWIS] is the Chicago Tribune. I do not understand the Senator owes the Tribune anything for his seat here; they did not at least contribute to it. But, to-day, when everyone is being denounced as a communist who undertakes to preserve fortunes in this land, if they will read a little bit they will find that there is no classification that can be excepted from the people.

We are undertaking by this means to preserve fortunes that are alive and able to contribute to the support of the Government. The revenue is needed and can not be long withheld. We should not go out and tax the theater goer, the automobile rider, the man owning a radio; and we should not go into these enormous and nefarious sales-tax provisions so that the poor man who may have only \$1.50 to spend must nevertheless pay the bulk of the Government taxes, notwithstanding the fact that he is probably penniless at the time. We should not undertake to put on that kind of a tax. We ought to be willing to adopt tax schedules that will place the tax upon the man who is making the profits. When we go back with the Democratic Party or the Republican Party to the people let us understand things. Let us understand how they stood here.

Mr. President, I may have taken more time, perhaps, than some may think I ought to take. It may be that everybody wants to see us get through with the tax bill in order that we can make way for the national conventions. But I believe, and I say, that it is better that we stand here until the national convention meets and adjourns and has to meet again, if it is necessary. It is better that we stand here until the convention meets in June and carry this document before the Democratic National Convention when it meets in Chicago. I am not sure but what we may do that. I am not so sure about this thing. I am going to take my time on this matter. I am not so sure about what we are going to do about it.

I think before we allow the Democratic Party to commit suicide for themselves and the balance of us here in the Senate, we may have to have a little delay on the matter. We may have to consider the matter further. I would be unwilling to see the Senators on this side of the aisle surrender; in fact, I would hate to see them do it because I like them all, I love them all. They might have to surrender and I might be willing to see them surrender and be willing to see them hang themselves, but I am not willing to see them hang the Democratic Party.

I am not willing to see them make this issue if I can prevent them from doing it. Owing to party responsibility,



I am not willing to see them bind the Democratic Party with a thing of this kind. I think if it becomes necessary because the last candidate for the Presidency of the United States on the Democratic ticket has come out for the Baruch plan—if the action he has taken to-day is going to mean the Democratic Party declaration—then I think we had better fight this thing through a little bit longer and debate these provisions until we have reached a sane and sensible solution.

I regard this as a fight for principle, and I had rather hold this thing down to a safe and sane consideration for the next 30 days until the Chicago convention can meet and the Democratic Party can be purged of that idea. I had rather hold on here and give the people a chance for the party to force a revision of this Mills substitute, so that the Democratic Party at least would not be bound down and hidebound to the kind of an abject surrender that we have made here. We have been in this deplorable state for a long time. I want to state to gentlemen of the Senate that this bill is going to make things worse in the country than they are now. I am going to say to you that adopting this plan is not going to help. It is going to make conditions in this country worse eventually than they are now. It is not going to help things one single solitary bit. It is going to mean that we have barred the door against additional recovery of this country. It is going to mean that Senators have become set on the sales-tax policy that is going to mean a greater concentration of wealth than we ought to have in this country. It is going to mean they have undertaken to write into the law the bedrock foundation of the sales-tax substitute which Mr. Hearst says is the beginning of the destruction of income and estate taxes in this country.

If we do this thing and require it to go into the party and make it a party proposition, I must say to you that I think we would be better served. If the time comes we are not getting any relief from either of the parties, then, of course, that is a matter to be thought of in some other way.

Mr. President, I hope Members on this side of the Chamber, the Democratic side of the Chamber, will not feel that they are bound through party loyalty to support the committee plan. It does not come from their party. It came from the Secretary of the Treasury of the United States after it had been repudiated by the members of the Finance Committee. It does not come from your party. It means the acceptance of a party that has been willing to meet, so far as the committee is concerned, all the demands of the Secretary of the Treasury, and it certainly means no more than that. If we raise revenue from the country, the means by which it can be raised are provided in the Couzens amendment, and I have proposed the nearest acceptable substitute that I see that can be said to be possible under the circumstances.

During the delivery of Mr. Long's speech,

Mr. COUZENS. Mr. President, will the Senator yield to me for a moment?

Mr. LONG. Yes, sir.

Mr. COUZENS. I merely ask the Senator to yield in order that I may enter a motion to reconsider. On yesterday, as is shown by the CONGRESSIONAL RECORD on page 10276, in connection with the vote taken on my amendment, I made the statement before the result was announced, that I changed my vote from "yea" to "nay" for the purpose of filing a motion to reconsider. I now serve notice and file the motion to reconsider the vote by which the amendment was rejected. The motion to reconsider will be brought up at a later date.

The PRESIDING OFFICER. The motion will be properly entered.

After the conclusion of Mr. Long's speech,

Mr. NORRIS. Mr. President, I regret very much that the Senate did not agree to the Couzens amendment. When the Couzens amendment was rejected I felt that those who were opposing it would probably feel that they would be justified in agreeing to the rates proposed in the so-called Connally amendment. It seemed to me it was a fair compromise, that men who disagree and honestly disagree as to what the rates should be, all realizing that some increase must take place

and that we must find some place to raise the additional revenue to keep our Government running, would not insist that they should have their own way, that they should refuse to make any compromise, that they should refuse to give what seemed to me to be consideration to a fair effort by which the disagreeing minds and the divergent views of Senators could be harmonized and an agreement reached.

I was very much disappointed that the Connally amendment was defeated by practically the same vote that defeated the Couzens amendment. It was an indication to me that the vote in the Senate had been practically divided on the Couzens amendment and that those who were opposed to it were going to refuse, being in the majority, any compromise whatever; that they were going to have their own way, and since they had the votes they were going to keep them together and vote down any amendment that did not agree with their own ideas as to what the schedules under this provision of the bill should be.

To my mind it was not what we ought to expect in this terrible crisis which has been likened by many to the conditions that prevailed during the war; that we should stubbornly refuse to surrender any of our views, and that if we had the necessary votes we should arbitrarily drive the steam roller over all resistance.

I am not questioning the motives of those Senators who voted against the Couzens amendment, but I do believe that, regardless of what they thought, regardless of their own convictions, they ought to face the situation as it seems to me we must face it and realize that none of us can have our own way, and none of us will be satisfied with whatever bill we may finally pass. We ought to meet each other in a spirit of compromise, with the idea, after all, of reaching a conclusion that will be the most satisfactory that can be reached. However, if a majority of the Senate cruelly drive over the minority, without ever once extending any proposition of compromise, saying "We have the force; we have the votes; we are going to put the bill through," they may do it; they probably will do it; but any legislature on earth that follows such a course and carries it out will eventually find itself meeting with greater resistance outside and beyond its halls than it meets within them.

Many Senators spoke and I presume voted against the Couzens amendment and the Connally amendment on the ground, so they said, that they levied too high a tax upon the small incomes. I said when one of those amendments was pending that I should like to relieve some of the lower incomes, and would be in favor of doing it in ordinary times, but that we were not confronted with ordinary conditions; that we were confronted with an emergency; that we were confronted with the fact that our Government is paying out more money than it is taking in, and that if we continue that policy indefinitely it will mean national bankruptcy; so that all of us, rich and poor alike, ought to be willing to make a sacrifice for the common benefit of our country and really for the benefit of civilization. Therefore, it seems to me that the taxes proposed to be levied upon the comparatively small income, under the circumstances, were justified.

I heard the Senator from Utah arguing against the Connally amendment on the ground that it put too much of a burden upon the small incomes. Now he is confronted with an amendment that is relieved of that objection; now he is confronted with an amendment that proposes to levy upon small incomes the same taxes as those in the bill he favors. The taxes on the \$3,000 income and on the \$5,000 income are left at the same rates reported by the Finance Committee. So the Senator from Utah can not now say that he is opposed to this amendment because it will hurt the little fellow. If he is opposed to this amendment, then it must be because it hurts the big fellow. The Senator from Utah is not alone in his position. I am assuming that Senators who argued against the Connally amendment on the ground that it imposed too great a burden upon the man of small income were in earnest, that they meant it, that they were sincere; but if that be the reason they opposed the Connally amendment they can not argue it now against



the pending amendment, for it has been relieved of that objection.

I should like to call the attention of the Senate to a comparison of the burdens proposed to be laid by this amendment and those imposed by the British law. We ought to have a good deal of respect for the British law. We have a man in the White House who has lived under British law much of his life, and I should think these comparisons would appeal to him and through him to his Secretary of the Treasury, who, after all, seems to be the power that has put the present rates in this bill, because the evidence stands here undisputed that the rates provided by the Connally amendment at one time were the rates put into the bill by the Finance Committee. The only evidence of there being any argument for a change is that the Secretary of the Treasury appeared and in a few minutes the judgment of the Finance Committee, which was reached after two or three weeks of honest debate, was set aside, and now on the floor of the Senate stands undefended by the members of the Finance Committee who once voted to put those rates in and then voted to take them out of the bill. There is only one reason—that is, Mr. Mills. That is the first reason, and the second reason is Mr. Mills. He has put the rates into the bill after the committee itself, after great deliberation, had adopted the Connally rates.

Under this amendment, if it and the bill should become law in the form now pending, the tax to be paid on a net income of \$3,000 in the United States would be \$4. If, however, the taxpayer with the same net income lived in England he would have to pay \$303. Mr. Hoover got out of Great Britain just in time.

If a taxpayer in the United States has a net income of \$5,000 and this amendment and the bill should become law, he would have to pay a tax of \$100; but if the taxpayer lived under the British flag he would on the same net income have to pay \$703. So those of our people who love the British system can know that the great British statesmen, whom so many of our people like to emulate and praise, have enacted a law that taxes British citizens having net incomes of \$5,000 more than seven times as much as the American taxpayer would be taxed if this amendment were agreed to.

When we reach the \$10,000 class of incomes, taking in Senators and Representatives, the difference is not so great, but still the rate under this amendment would not be sufficiently high to reach the British rate. If this amendment and this bill should become law in the form now pending, a man with a net income of \$10,000 in the United States would have to pay \$830 tax; but if he lived in England and had the same net income under the British flag he would have to pay \$1,823, or more than twice as much. Yet there are those in this country who will in flaming headlines reaching across the pages of the daily newspapers hurl the taunt at those of us who favor this amendment that we are Bolsheviks, that we are socialists, and that we are trying to "soak the rich." In answer to such a taunt it seems to me we might well hurl back into their faces the charge that they want to "sock the poor." That is their doctrine. Levy the burdens of taxation upon those who toil, upon the poor man, upon the men who produce our food and our clothing, who erect our public buildings and pave our streets; "sock the poor" is the slogan; "sock the poor, they are used to it; they have always been socked and they will not complain. Save the rich; they are not used to it, and it would discommode them if we should fail to leave them more than \$500,000 or \$600,000 net after they have paid their taxes."

What about the man with a \$30,000 income. Under this amendment, if adopted, he would pay \$4,930, leaving him net, after he has paid his expenses and his taxes \$25,000. Suppose he lived in England, the rulers and lawmakers of which country nobody here would say are Bolsheviks, what would he pay there? He pays \$4,930 in the United States, but in Great Britain on the same net income he would pay \$9,475.

Suppose he had an income of \$50,000 net; under the pending amendment he would pay a tax of \$11,030, leaving him

\$39,000, in round numbers, with which to support his children, if he had any, to pay his dues to his club, to buy a few golf balls, and a few other necessary things for pleasure and comfort and luxury. Suppose, however, he lived in Great Britain. With a net income of \$50,000, under British law he would pay \$19,425 tax.

I wonder if he can say that those who advocate this amendment are unreasonable, are unfair, considering the emergency which confronts the country, when we are relieving our people with comparatively large incomes from millions of dollars that they would have to pay if they lived under the British flag.

Suppose the taxpayer had a net income of \$100,000. Under this amendment he would have to pay \$35,030 tax; but if he lived in Great Britain he would have to pay \$47,738 under British law.

Are we afraid of these rates? Have men stopped doing business under other flags where they pay higher rates? Is there any justification, therefore, in saying that if we adopt an amendment of this kind our people will go out of business?

They seem to be getting along better recently in Great Britain than they did a few years ago. They are boasting of a returning prosperity there under these rates that I have been stating to you.

Mr. CONNALLY. Mr. President—

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Nebraska yield to the Senator from Texas?

Mr. NORRIS. I yield.

Mr. CONNALLY. While the Senator is discussing that matter, I desire to point out to him that the rates carried in my amendment were in operation in 1922 and 1923. The total net income of taxpayers in 1922 was twenty-one billions; and in 1923, under the "oppressive" rates carried in my amendment, that net income had increased to twenty-four billions, showing that business thrived and prospered.

Mr. NORRIS. It increased a little over \$3,000,000,000.

Mr. CONNALLY. And finally, in 1923, because of the excess of revenue, the Treasury recommended a retroactive refund.

Mr. NORRIS. And we passed it.

Mr. CONNALLY. And Congress adopted it; all of which controverts absolutely the claim that the rates carried in my amendment were oppressive, or in any wise inconvenient. Business lived under them, thrived and prospered, and we had to hand back a refund of taxes.

Mr. NORRIS. I thank the Senator for the information he has conveyed; but it is only another demonstration that this cry that men are going to cease to do business is without foundation.

Mr. President, I appeal to Senators. If we are acting in good faith, and are opposed to these other amendments that have been voted down because we have sympathy for the men and the women who toil, and the men and the women who have small incomes, now is the time and here is the place to vote our sentiments by adopting this amendment.

I say to you, Senators, that we will soon reach a point in the bill where we will all be anxious to relieve our people from some of the oppressive nuisance taxes that are contained in this bill. Unless we do something now, unless we increase the rates on big incomes, when that time comes we are going to be confronted with the argument, "We must have these oppressive nuisance taxes. We must burden the poor. We must add more burdens to those who toil and those who sweat. We can not help it. We do not want to, but there is no other avenue of escape."

This amendment presents the avenue. This amendment shows us the road of escape when the time comes that we are going to be told over and over again, "Balance the Budget! Balance the Budget! Balance the Budget! Do it to-day. Do not wait until to-morrow. Do not talk about it. Just adopt what is sent to us by Mr. Mills. Swallow it all—hook, line, and sinker. We must do it, or the Budget will not be balanced."



Our opportunity to relieve ourselves of that situation is before us now; and unless we take advantage of it, it will be too late later on.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana [Mr. LONG].

Mr. NORRIS. I call for the yeas and nays.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Jones	Robinson, Ind.
Austin	Davis	Kendrick	Schall
Bailey	Dickinson	Keyes	Sheppard
Bankhead	Dill	King	Shipstead
Barkley	Fess	La Follette	Shortridge
Bingham	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	Long	Steiwer
Bratton	Glenn	McGill	Stephens
Brookhart	Goldsborough	McNary	Thomas, Okla.
Broussard	Gore	Morrison	Townsend
Bulkeley	Hale	Moses	Tydings
Bulow	Harrison	Neely	Vandenberg
Capper	Hastings	Norbeck	Wagner
Caraway	Hatfield	Norris	Walcott
Carey	Hawes	Nye	Walsh, Mass.
Cohen	Hayden	Oddie	Walsh, Mont.
Connally	Hebert	Patterson	Watson
Coolidge	Howell	Pittman	Wheeler
Copeland	Hull	Reed	White
Couzens	Johnson	Robinson, Ark.	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Louisiana [Mr. LONG].

#### MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL AND JOINT RESOLUTION

Several messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following joint resolution and act:

On May 13, 1932:

S. J. Res. 50. Joint resolution to authorize the Commissioners of the District of Columbia to close upper Water Street between Twenty-second and Twenty-third Streets.

On May 14, 1932:

S. 2775. An act to amend an act entitled "An act to incorporate the Masonic Mutual Relief Association of the District of Columbia," approved March 3, 1869, as amended.

#### RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, previous to August, 1931, the rate on wheat from central points in Nebraska to Chicago was 44 per cent higher than in 1914. On August 1, 1931, in view of the deplorable economic situation of agriculture, the Interstate Commerce Commission prescribed a new rate on wheat from central Nebraska points to Chicago but 9.3 per cent higher than the rate prevailing in 1914. However, the western railroads, notwithstanding the condition of agriculture, would not bow to the judgment of the Interstate Commerce Commission, but appealed to the courts; and as a result on February 20, 1932, the former 44 per cent higher rate than in 1914 was reinstated by judicial order.

Notwithstanding this fact the railroads have made an application for a 10 per cent increase in the present rate on wheat, and hearings are now in progress in Chicago before a representative of the Interstate Commerce Commission. Should this increase be allowed, the rate on wheat from Grand Island to Chicago will be increased to 58.4 per cent higher than the rate prevailing in 1914. Compare this treatment of the farmer in this country respecting wheat tariffs with that accorded the farmer in Canada. There the wheat tariffs prevailing prior to the war are still practically in effect. This is evidenced by the following facts:

Port Arthur on Lake Superior is a market and shipping point for wheat from western Canada. Omaha, Nebr., is a market for wheat for points west in Nebraska and Wyoming. Hazelridge, Manitoba, is 400 miles west of Port Arthur. Sidney, Nebr., is 405 miles west of Omaha, Nebr. Now com-

pare the cost of shipping a thousand bushels of wheat from these two points to market. From Hazelridge it costs \$84. From Sidney, Nebr., 5 miles further away from Omaha than is Hazelridge from Port Arthur, it costs \$163.

Again, Marquette, Manitoba, is 449 miles from Port Arthur, the almost identical distance of Oliver, Nebr., from Omaha, yet to ship a thousand bushels of wheat from Oliver to Omaha costs \$189, while from Marquette to Port Arthur it is less than half of that. It is but \$90.

From Brandon, Manitoba, it is 553 miles to Port Arthur. From Red Butte, Wyo., it is 555 miles to Omaha, but 2 miles more, yet it cost \$288 to transport a thousand bushels of wheat from Red Butte to Omaha, as against but \$96 from Brandon to Port Arthur—two-thirds less.

Mr. President, at this point I ask to have a table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Cost of shipping 1,000 bushels of wheat from points in Canada to Port Arthur, Canada, as compared with cost for equal distances from points in Wyoming and Nebraska to Omaha, Nebr.*

Canadian points to Port Arthur	Distance	Cost per 1,000 bushels	Wyoming and Nebraska points to Omaha	Distance	Cost per 1,000 bushels
	Miles			Miles	
Rennie, Manitoba	346	\$84	Brule, Nebr.	341	\$129
Hazelridge, Manitoba	400	84	Sidney, Nebr.	405	153
Marquette, Manitoba	449	90	Oliver, Nebr.	448	189
Austin, Manitoba	505	96	Cheyenne, Wyo.	507	198
Brandon, Manitoba	553	96	Red Butte, Wyo.	555	288
Viriden, Manitoba	617	108	Medicine Bow, Wyo.	620	288
Wapella, Saskatchewan	655	108	Walcott, Wyo.	650	288

Mr. HOWELL. Mr. President, in view of the fact that the farmer to-day is receiving but half for a bushel of wheat as compared with prices prior to the war, and that he is paying 15 per cent more for the things he buys as compared with prices before the war, should it be a matter of surprise that the farmer is writhing under the transportation rates he is paying to-day? And not only that, but with the possibility of a 10 per cent increase in such rates.

Mr. President, something must be done to relieve the situation. We must adopt some constructive measure for the relief of agriculture, so that the farmer can afford to pay freight rates prescribed by operation of law. It is proposed that we adjourn on June 10. That means there are but 22 days remaining of this session. But, notwithstanding this proposal, we should make a high resolve that we will not adjourn until constructive farm legislation is passed—not merely by the Senate but by the House also. We must redeem the pledges of the two great political parties made in 1928. Agriculture must be rescued.

#### REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when Mr. BANKHEAD's name was called). The junior Senator from Alabama [Mr. BANKHEAD] is necessarily absent from the Chamber. He has a pair with the senior Senator from Vermont [Mr. DALE]. If the junior Senator from Alabama were present, he would vote "yea."

Mr. BULOW (when his name was called). I have a pair with the Senator from New Jersey [Mr. KEAN]. In his absence I withhold my vote. If I were at liberty to vote, I would vote "yea."

Mrs. CARAWAY (when her name was called). I have a general pair with the senior Senator from Colorado [Mr. WATERMAN]. I understand that if he were present he would vote "nay." If I were permitted to vote, I would vote "yea."



Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKellar]. Not knowing how he would vote on this question, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. WHEELER (when his name was called). I have a general pair with the junior Senator from Idaho [Mr. THOMAS]. If that Senator were present, I understand he would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. JONES. Making the same announcement as I have made heretofore with reference to my pair, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS], which I transfer to the senior Senator from Rhode Island [Mr. METCALF], and vote "nay."

Mr. NORBECK. On this question I have a pair with the junior Senator from South Carolina [Mr. BYRNES], and in his absence I withhold my vote. If permitted to vote, I would vote "yea;" and I understand that if present and voting, the junior Senator from South Carolina would vote "nay."

Mr. NEELY. On this vote I have a pair with the Senator from New Jersey [Mr. BARBOUR]. I understand that if he were present he would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Florida [Mr. TRAMMELL], the Senator from Colorado [Mr. COSTIGAN], and the Senator from Illinois [Mr. LEWIS] are necessarily detained on official business.

I also wish to announce that the junior Senator from Virginia [Mr. GLASS], the Senator from South Carolina [Mr. BYRNES], the senior Senator from Virginia [Mr. SWANSON], and the Senator from Alabama [Mr. BLACK] are necessarily out of the city.

The result was announced—yeas 24, nays 49, as follows:

#### YEAS—24

Blaine	Connally	Johnson	Robinson, Ind.
Borah	Couzens	La Follette	Schall
Brookhart	Cutting	Long	Sheppard
Bulkeley	Dill	McGill	Shipstead
Capper	Frazier	Norris	Thomas, Okla.
Cohen	Howell	Nye	Walsh, Mont.

#### NAYS—49

Ashurst	Fletcher	Kendrick	Smoot
Austin	George	Keyes	Steiwer
Bailey	Glenn	King	Stephens
Barkley	Goldsborough	Logan	Tydings
Bingham	Gore	Morrison	Vandenberg
Bratton	Hale	Moses	Wagner
Broussard	Harrison	Oddie	Walcott
Carey	Hastings	Patterson	Walsh, Mass.
Coolidge	Hatfield	Pittman	Watson
Copeland	Hawes	Reed	White
Davis	Hayden	Robinson, Ark.	
Dickinson	Hebert	Shortridge	
Fess	Hull	Smith	

#### NOT VOTING—23

Bankhead	Costigan	McKellar	Thomas, Idaho
Barbour	Dale	McNary	Townsend
Black	Glass	Metcalfe	Trammell
Bulow	Jones	Neely	Waterman
Byrnes	Kean	Norbeck	Wheeler
Caraway	Lewis	Swanson	

So Mr. LONG's amendment was rejected.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. There seems to have been considerable confusion between the Vice President and the President pro tempore. Do I understand that if we go ahead with the present income-tax schedule and adopt the schedule of income taxes, then the motion to reconsider the vote by which the amendment of the Senator from Michigan [Mr. COUZENS] was rejected and the motion to reconsider the vote by which the amendment of the Senator from Texas [Mr. CONNALLY] was rejected would be available?

The VICE PRESIDENT. If the committee amendments are agreed to, then the Connally amendment and the Couzens amendment would not be in order as affecting those provisions but would be in order as to House provisions or the provisions not adopted.

Mr. JOHNSON. Mr. President, I did not understand the Vice President's ruling. Was it that the amendments referred to would not be in order?

The VICE PRESIDENT. They would not be in order as to amendments adopted by the Senate but would be in order as to any provisions not adopted or the House text.

Mr. JOHNSON. As I follow the ruling, with my apologies to the President for the query, if the Senate adopts the schedule now contained in the bill, then the motion to reconsider would not be in order subsequently upon the amendments presented by the Senator from Michigan and the Senator from Texas?

The VICE PRESIDENT. They would be in order on anything not touched by the committee amendments; but if the committee amendments were agreed to, they would not be in order.

Mr. JOHNSON. But the committee amendments touch the very subject.

The VICE PRESIDENT. Certainly; but they would be voted on after the motions to reconsider had been entered and before the vote had been taken.

Mr. COUZENS. If the committee amendments are agreed to, I shall enter a motion to reconsider the votes by which they are agreed to, and that will be in order.

Mr. CONNALLY. Mr. President, I desire to enter a motion to reconsider the vote by which my amendment was rejected.

The VICE PRESIDENT. The motion will be entered. The clerk will state the next amendment of the Committee on Finance.

The next amendment of the Committee on Finance was, under the heading "Subtitle B—General provisions, Part I—Rates of tax—Section 11. Normal tax on individuals," on page 9, line 19, before the word "of," to strike out "2 per cent" and insert "3 per cent," so as to read:

(a) 3 per cent of the first \$4,000 of the amount of the net income in excess of the credits against net income provided in section 25.

The amendment was agreed to.

The next amendment was, on page 9, line 22, before the word "of," to strike out "4 per cent" and insert "6 per cent," so as to read:

(b) 6 per cent of the next \$4,000 of such excess amount; and.

The amendment was agreed to.

Mr. SMOOT. Mr. President, I want to inquire whether the amendment found on page 8, line 2, was agreed to?

The VICE PRESIDENT. That amendment was agreed to.

The next amendment of the Committee on Finance was, on page 9, line 24, before the word "of," to strike out "7 per cent" and insert "9 per cent," so as to read:

(c) 9 per cent of the remainder of such excess amount.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I desire to enter a motion to reconsider the votes by which the committee amendments on page 9 of the pending bill were adopted.

The VICE PRESIDENT. The motion will be entered. The clerk will state the next committee amendment.

The next amendment of the Committee on Finance was, in section 12, surtax on individuals, at the top of page 15, to strike out:

\$20,160 upon net incomes of \$100,000; and upon net incomes in excess of \$100,000, 40 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 3, to insert:

\$20,160 upon net incomes of \$100,000; and upon net incomes in excess of \$100,000 and not in excess of \$150,000, 40 per cent in addition of such excess.

The amendment was agreed to.



The next amendment was, on page 15, after line 6, to insert:

\$40,160 upon net incomes of \$150,000; and upon net incomes in excess of \$150,000 and not in excess of \$250,000, 41 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 9, to insert:

\$81,160 upon net incomes of \$250,000; and upon net incomes in excess of \$250,000 and not in excess of \$500,000, 42 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 12, to insert:

\$136,160 upon net incomes of \$500,000; and upon net incomes in excess of \$500,000 and not in excess of \$750,000, 43 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 15, to insert:

\$293,660 upon net incomes of \$750,000; and upon net incomes in excess of \$750,000 and not in excess of \$1,000,000, 44 per cent in addition of such excess.

The amendment was agreed to.

The next amendment was, on page 15, after line 19, to insert:

\$493,660 upon net incomes of \$1,000,000; and upon net incomes in excess of \$1,000,000, 45 per cent in addition of such excess.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I desire to enter a motion now to reconsider the votes by which the committee amendments just agreed to, on page 15, were adopted.

The VICE PRESIDENT. The motion will be entered.

The next amendment of the Committee on Finance was, on page 16, line 3, after the word "than," to strike out "\$25,000" and insert "\$20,000," and in line 6, after the word "than," to strike out "\$25,000" and insert "\$20,000," so as to read:

(c) Capital net gains and losses: For rate and computation of tax in lieu of normal and surtax in case of net incomes of not less than \$20,000, approximately, or in case of net incomes, excluding items of capital gain, capital loss, and capital deductions, of not less than \$20,000, approximately, see section 101.

The amendment was agreed to.

The next amendment was, on page 16, after line 9, to insert:

(e) There shall be levied, collected, and paid for each taxable year upon the amount by which the compensation (including salaries, commissions, emoluments, and rewards) of any individual for personal services exceeds compensation at the rate of \$75,000 per year, a tax of 80 per cent of such amount. The tax imposed by this subsection shall be in lieu of all other taxes under this title in respect of such amount.

Mr. HARRISON. Mr. President, the Senator from Oklahoma [Mr. GORE] is interested in this amendment. He had to leave and asked that it might be passed over. He was going to catch a train at a certain time and wanted it to go over for the present.

Mr. REED. The Senator from Oklahoma has just entered the Chamber.

The VICE PRESIDENT. Let the amendment be restated. The amendment was again stated.

Mr. GORE. Mr. President, I have to leave the city in a few moments. In fact, I had already started to the station. I shall return Friday morning. I would like to have unanimous consent to pass this amendment over until that time. It might lead to some debate.

Mr. SMOOT. I have no objection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the amendment is passed over.

Mr. COUZENS. Mr. President, I desire to enter a motion to reconsider the votes by which the committee amendments on page 16 were agreed to. If the Senator from Utah is willing to have all these amendments go over for later action, I shall not enter these motions; otherwise, I am going to enter a motion to reconsider all votes by which

these amendments are adopted, so I shall not lose any possible right I might otherwise have.

Mr. SMOOT. I have no objection, of course. I think the Senator knows what the amendment means. If the rate of 12½ per cent is adopted, there is no question but what we would have to—

Mr. COUZENS. I understand the purpose of the amendment. I enter the motion so I shall have my legislative rights technically preserved.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. Why should not the motion to reconsider be voted on at this time?

Mr. COUZENS. Because I am not ready to vote on it just at this time. I want to know what the outcome of the other votes may be.

Mr. REED. If the motion is made, the Senate should vote on it at this time.

The VICE PRESIDENT. The Senator from Michigan may enter his motion. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, in section 13, tax on corporations, on page 16, line 20, before the word "of," to strike out "13½ per cent" and insert "14 per cent"; and in line 21, after the words "excess of the," to strike out "credits" and insert "credit," so as to read:

(a) Rate of tax: There shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 14 per cent of the amount of the net income in excess of the credit against net income provided in section 26.

Mr. REED. Mr. President, the amendment just stated is the rate of tax upon corporations. It reminds me that in speaking yesterday I made an erroneous statement about the amendment of the Senator from Michigan [Mr. COUZENS]. I said his amendment contemplated an increase in the corporation tax to 18 per cent. That is a suggestion which was made in the course of the debate between the Senator from Michigan and some other Senator; but it was not, as I then supposed, a part of the amendment offered by him yesterday. In justice to him I want to make this correction.

Mr. WALSH of Massachusetts. Mr. President, I think the Senator in charge of the bill ought to explain the reason which prompted the committee to increase the rate to 14 per cent.

Mr. SMOOT. Mr. President, the main and perhaps only reason was that it required a rate of 14 per cent to raise sufficient money to meet the obligations of the Government.

Mr. WALSH of Massachusetts. I think also the committee was actuated by a purpose to increase the tax on corporations because of the elimination of the tax upon dividends.

Mr. SMOOT. That was one of the reasons, too.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on page 16, lines 20 and 21. The amendment was agreed to.

The next amendment of the Committee on Finance was, on page 17, line 23, after the word "whatever" and the period, to insert "In the case of Presidents of the United States and judges of courts of the United States taking office after the date of the enactment of this act the compensation received as such shall be included in gross income; and all acts fixing the compensation of such Presidents and judges are hereby amended accordingly," so as to read:

#### SEC. 22. GROSS INCOME

(a) General definition: "Gross income" includes gains, profits, and income derived from salaries, wages, or compensation for personal service, of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce, or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property; also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits and income derived from any source whatever. In the case of Presidents of the United States and judges of courts of the United States taking office after the date of the enactment of this act



the compensation received as such shall be included in gross income; and all acts fixing the compensation of such Presidents and judges are hereby amended accordingly.

The amendment was agreed to.

The next amendment was, on page 20, after line 12, to strike out:

(6) Pensions and World War compensation payments: Amounts received as compensation, family allotments, and allowances under the provisions of the war risk insurance and the vocational rehabilitation acts or the World War veterans' act, 1924, or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war, or as a State pension for services rendered by the beneficiary or another for which the State is paying a pension.

The amendment was agreed to.

The next amendment was, on page 21, after line 2, to strike out "Earned income from sources without the United States," so as to read:

(7) Miscellaneous items: The following items, to the extent provided in section 116:

Salaries of certain Territorial employees;  
The income of foreign governments;  
Income of States, municipalities, and other political subdivisions;  
Receipts of shipowners' mutual protection and indemnity associations;  
Dividends from China trade act corporations.

The amendment was agreed to.

The next amendment was, on page 22, line 21, after the word "equity" and the period, to insert "The amount by which the compensation (including salary) of any person for personal services exceeds compensation at the rate of \$75,000 per year shall not be deductible under this subsection," so as to read:

#### SEC. 23. DEDUCTIONS FROM GROSS INCOME

In computing net income there shall be allowed as deductions:  
(a) Expenses: All the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including a reasonable allowance for salaries or other compensation for personal services actually rendered; traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. The amount by which the compensation (including salary) of any person for personal services exceeds compensation at the rate of \$75,000 per year shall not be deductible under this subsection.

Mr. REED. Mr. President, that is a part of the proposal of the Senator from Oklahoma [Mr. GORE] and ought to go over with the other.

The PRESIDENT pro tempore. Without objection, the amendment will be passed over.

The next amendment of the Committee on Finance was, on page 23, line 16, after the word "have," to insert "to any extent," so as to read:

(c) Taxes generally: Taxes paid or accrued within the taxable year, except—

(1) income, war-profits, and excess-profits taxes imposed by the authority of the United States;

(2) income, war-profits, and excess-profits taxes imposed by the authority of any foreign country or possession of the United States; but this deduction shall be allowed in the case of a taxpayer who does not signify in his return his desire to have to any extent the benefits of section 131 (relating to credit for taxes of foreign countries and possessions of the United States); and

(3) taxes assessed against local benefits of a kind tending to increase the value of the property assessed; but this paragraph shall not exclude the allowance as a deduction of so much of such taxes as is properly allocable to maintenance or interest charges.

For the purpose of this subsection, estate, inheritance, legacy, and succession taxes accrue on the due date thereof, except as otherwise provided by the law of the jurisdiction imposing such taxes, and shall be allowed as a deduction only to the estate.

The amendment was agreed to.

The next amendment was, on page 24, line 13, after the word "in," to strike out "subsections (r), (s), and (a)," and insert "subsection (r)," so as to read.

(e) Losses by individuals: Subject to the limitations provided in subsection (r) of this section, in the case of an individual, losses sustained during the taxable year and not compensated for by insurance or otherwise.

The amendment was agreed to.

The next amendment was, on page 24, line 23, after the word "theft" and the period, to insert "No loss shall be allowed as a deduction under this paragraph if at the time of the filing of the return such loss has been claimed as a deduction for estate tax purposes in the estate tax return," so as to read:

(3) Of property not connected with the trade or business, if the loss arises from fires, storms, shipwreck, or other casualty, or from theft. No loss shall be allowed as a deduction under this paragraph if at the time of the filing of the return such loss has been claimed as a deduction for estate-tax purposes in the estate-tax return.

The amendment was agreed to.

The next amendment was, on page 25, line 4, after the word "in," to strike out "subsections (r), (s), and (t)" and insert "subsection (r)," so as to read:

(f) Losses by corporations: Subject to the limitations provided in subsection (r) of this section, in the case of a corporation, losses sustained during the taxable year and not compensated for by insurance or otherwise.

The amendment was agreed to.

The next amendment was, on page 25, line 13, after the word "on," to strike out "sale" and insert "wash sales," so as to read:

(h) Loss on wash sales of stock or securities: For disallowance of loss reduction in the case of sales of stock or securities where within 30 days before or after the date of the sale the taxpayer has acquired substantially identical property, see section 118.

The amendment was agreed to.

The next amendment was, on page 26, line 20, after the words "result of," to insert "operations or of"; on page 27, line 10, after the word "depletion," to strike out "in case of sulphur and of oil and gas wells"; and in line 12, after the figure "(3)," to insert "and (4)," so as to read:

(1) Depletion: In the case of mines, oil and gas wells, other natural deposits, and timber a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case; such reasonable allowance in all cases to be made under rules and regulations to be prescribed by the commissioner, with the approval of the Secretary. In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof, then such prior estimate (but not the basis for depletion) shall be revised and the allowance under this subsection for subsequent taxable years shall be based upon such revised estimate. In the case of leases the deductions shall be equitably apportioned between the lessor and lessee. In the case of property held by one person for life with remainder to another person the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or in the absence of such provisions on the basis of the trust income allocable to each. (For percentage depletion, see section 114 (b), (3), and (4).)

The amendment was agreed to.

The next amendment was, on page 31, line 2, after the word "made" and the period, to insert:

Any deduction allowable under section 23 (q) of the revenue act of 1928 which under such section was apportioned to any taxable year subsequent to the taxable year 1931 shall be allowed as a deduction in the years to which so apportioned to the extent allowable under such section if it had remained in force with respect to such year.

So as to read:

(q) Pension trusts: An employer establishing or maintaining a pension trust to provide for the payment of reasonable pensions to his employees (if such trust is exempt from tax under section 165, relating to trusts created for the exclusive benefit of employees) shall be allowed as a deduction (in addition to the contributions to such trust during the taxable year to cover the pension liability accruing during the year, allowed as a deduction under subsection (a) of this section) a reasonable amount transferred or paid into such trust during the taxable year in excess of such contributions, but only if such amount (1) has not theretofore been allowable as a deduction, and (2) is apportioned in equal parts over a period of 10 consecutive years beginning with the year in which the transfer or payment is made. Any deduction allowable under section 23 (q) of the revenue act of 1928 which under such section was apportioned to any taxable year subsequent to the taxable year 1931 shall be allowed as a deduc-



tion in the years to which so apportioned to the extent allowable under such section if it had remained in force with respect to such year.

The amendment was agreed to.

The next amendment was, on page 31, after line 7, to strike out:

(r) Limitation on stock losses: Losses from sales or exchanges of stocks and bonds (as defined in subsection (v) of this section) which are not capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges. This subsection shall not apply to a dealer in securities in respect of transactions in the ordinary course of his business with his customers.

(s) Same—Capital assets: Losses from sales or exchanges of stocks and bonds (as defined in subsection (v) of this section) which are capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges.

(t) Same—Offsets:

(1) Losses disallowed as a deduction by subsection (r) shall, for the purposes of this title, be considered as losses from sales or exchanges of stocks or bonds which are capital assets.

(2) Losses disallowed as a deduction by subsection (s) shall, for the purposes of this title, be considered as losses from sales or exchanges of stocks and bonds which are not capital assets. In no case shall this paragraph operate to make the tax less than a tax computed without regard to the provisions of subsections (r) and (s) and this subsection.

And in lieu thereof to insert:

(r) Limitation on stock losses: (1) Losses from sales or exchanges of stocks and bonds (as defined in subsec. (t) of this section) which are not capital assets (as defined in sec. 101) shall be allowed only to the extent of the gains from such sales or exchanges.

(2) Losses disallowed as a deduction by paragraph (1), computed without regard to any losses sustained during the preceding taxable year, shall, to an amount not in excess of the taxpayer's net income for the taxable year, be considered for the purposes of this title as losses sustained in the succeeding taxable year from sales or exchanges of stocks or bonds which are not capital assets.

(3) This subsection shall not apply to a dealer in securities in respect of transactions in the ordinary course of his business with his customers, nor to a bank or trust company incorporated under the laws of the United States or of any State or Territory.

The PRESIDENT pro tempore. The Chair is informed that the senior Senator from Rhode Island [Mr. METCALF] is interested in that amendment, and in his behalf the Chair asks unanimous consent that it may be passed over. Without objection, that order will be entered.

The reading of the bill was resumed.

The next amendment was, on page 33, line 11, after the word "subsections," to strike out "(r), (s), (t), and (u)" and insert "(r) and (s)," so as to read:

(t) Definition of stocks and bonds: As used in subsections (r) and (s), the term "stocks and bonds" means (1) shares of stock in any corporation, or (2) rights to subscribe for or to receive such shares, or (3) bonds, debentures, notes, or certificates or other evidences of indebtedness issued by any corporation (other than a government or political subdivision thereof), with interest coupons or in registered form, or (4) certificates of profit, or of interest in property or accumulations, in any investment trust or similar organization holding or dealing in any of the instruments mentioned or described in this subsection, regardless of whether or not such investment trust or similar organization constitutes a corporation within the meaning of this act.

The PRESIDENT pro tempore. That amendment will be passed over under the same order.

The reading of the bill was resumed.

The next amendment was, on page 35, line 7, after "143 (a)," to strike out "(4)" and insert "(3)," so as to read:

(c) Tax withheld on tax-free covenant bonds: For tax withheld on tax-free covenant bonds see section 143 (a) (3).

The amendment was agreed to.

The next amendment was, on page 35, after line 23, to strike out:

For the taxable years 1932 and 1933 the credit allowed under this subsection shall be limited to the amount received as dividends from a domestic corporation which is subject to taxation under this title, the gross income of which for the taxable year preceding the year in which the dividend was paid did not exceed \$25,000.

So as to read:

#### SEC. 25. CREDITS OF INDIVIDUAL AGAINST NET INCOME

There shall be allowed for the purpose of the normal tax, but not for the surtax, the following credits against the net income:

(a) Dividends: The amount received as dividends—

(1) From a domestic corporation which is subject to taxation under this title; or

(2) From a foreign corporation when it is shown to the satisfaction of the commissioner that more than 50 per cent of the gross income of such foreign corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of section 119.

The credit allowed by this subsection shall not be allowed in respect of dividends received from a corporation organized under the China trade act, 1922, or from a corporation which under section 251 is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States.

The amendment was agreed to.

Mr. SMOOT. I ask unanimous consent that all amendments such as the one on line 7, page 35, which are of a mere formal nature, made necessary on account of amendments already agreed to, may be agreed to en bloc.

The PRESIDENT pro tempore. The amendments referred to, as the Chair understands, are merely amendments to perfect the print?

Mr. SMOOT. That is all; but there are quite a number of them.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and all pro forma amendments to perfect the print of the bill are agreed to.

The reading of the bill was resumed.

The next amendment was, in section 26, "Credits of corporation against net income," on page 39, after line 1, to strike out:

For the purpose only of the tax imposed by section 13 there shall be allowed the following credits:

(a) The amount received as interest upon obligations of the United States which is included in gross income under section 22; and

(b) In the case of a domestic corporation the net income of which is \$10,000 or less, a specific credit of \$1,000; but if the net income is more than \$10,000 the tax imposed by section 13 shall not exceed the tax which would be payable if the \$1,000 credit were allowed, plus the amount of the net income in excess of \$10,000.

And in lieu thereof to insert:

For the purpose only of the tax imposed by section 13 there shall be allowed as a credit against net income the amount received as interest upon obligations of the United States which is included in gross income under section 22.

The amendment was agreed to.

The next amendment was, on page 43, line 16, after the word "full" and the period, to insert:

This subsection shall not apply to the transmission at death of installment obligations if there is filed with the commissioner, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment on such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

So as to read:

(d) Gain or loss upon disposition of installment obligations: If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and (1) in the case of satisfaction at other than face value or a sale or exchange—the amount realized, or (2) in case of a distribution, transmission, or disposition otherwise than by sale or exchange—the fair market value of the obligation at the time of such distribution, transmission, or disposition. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This subsection shall not apply to the transmission at death of installment obligations if there is filed with the commissioner, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment on such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment.

Mr. COUZENS. Mr. President, I think the Senator from Pennsylvania had better explain that amendment to the Senate, because it was put in at his suggestion, as I recall.

Mr. REED. Mr. President, I think it is covered by the report, but this is the situation: At the time of the Florida



land boom attention was called to the fact that it was very common to sell real estate with a small down payment, and it was not at all certain that the subsequent payments on such installment sales would ever actually be realized. Under the law, however, as it then stood the whole amount of the stated purchase was treated as if it were actually in hand for the purpose of calculating the vendor's profit. We first provided that if less than 25 per cent was received in the down payment the subsequent installments should be disregarded for the purpose of the calculation of capital gain or profit until they were actually received. Subsequently we changed that and provided that if less than 40 per cent was received the subsequent installments should not be treated as income until the year in which they were actually received by the taxpayer. That is the law to-day. But here is the trouble: The law provides, as the Senator will see on page 43, line 12, that in case the vendor sells those purchase-money obligations and thus actually realizes the cash on them, at the time he so transmits them, they shall be treated as being paid in full to him and his profit on the sale shall be calculated and a tax paid on it. It has been held by the department, and possibly even by the courts, that upon one's death the transmission of those future notes, notes due in the future, to one's executors or administrators, constitutes a transmission within the meaning of line 12 on page 43, and therefore the estate has to pay an income tax upon the profits of such sale of real estate at the time the notes were transmitted to the personal representative upon death.

Furthermore, in calculating the estate tax the present value of those installment notes is included in the gross estate. We have the curious result that the executor has to pay income tax on that part of the notes that represents profit and has to pay an estate tax on the whole of the present value of those notes; and yet, as a matter of fact, the purchaser of the property, the maker of the note, may default in the payment, and we have got the executor paying both the estate tax and an income tax on an obligation that subsequently is found to be perfectly worthless.

Mr. HARRISON. Mr. President, will the Senator permit me to interrupt him?

Mr. REED. Certainly.

Mr. HARRISON. In other words, it puts the estate in the same condition as though the man had lived.

Mr. REED. In a nutshell, that is what the Finance Committee has done. It puts the executors or administrators in exactly the same position as the decedent would have been in if he had lived. It seems to be just.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The reading of the bill was resumed. The next amendment was, on page 46, line 18, after the word "dependents," to strike out the comma and "and the specific credit for corporations," so as to read:

(e) Reduction of credits against net income: In the case of a return made for a fractional part of a year, except a return made under subsection (a), on account of a change in the accounting period, the personal exemption and credit for dependents shall be reduced respectively to amounts which bear the same ratio to the full credits provided as the number of months in the period for which return is made bears to 12 months.

The amendment was agreed to.

The next amendment was, in section 103, exemptions from tax on corporations, on page 63, after line 4, to strike out—

(11) Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) the income of which is used or held for the purpose of paying losses or expenses.

And in lieu thereof to insert:

(11) Mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) of the type commonly known as "farmers," "county," "town," or "local" mutuals, the income of which is used or held for the purpose of paying losses or expenses.

Mr. LA FOLLETTE. Mr. President, I want to urge upon the Senate the rejection of the committee amendment. When this matter was reached in the committee this amend-

ment was put in the bill without thorough discussion. It now develops that to adopt the committee amendment would restrict the exemption which mutual insurance companies have enjoyed under the law for a great many years. The language inserted by the committee is very restrictive in its operation, because the term "commonly known as 'farmers,' 'county,' 'town,' or 'local' mutuals" leaves the interpretation of exactly what that language means to the Treasury Department. Strictly interpreted, it will mean that exemptions which this type of insurance company has enjoyed at the hands of Congress and the Government will be drastically restricted.

There are many of these mutual insurance companies operated entirely for the benefit of the policyholders which not only extend beyond the confines of one county, but, I am informed, do business in two or more States. Obviously, then, the language of the committee amendment would remove the exemption which these companies have previously enjoyed, and would, in the present situation of business generally, be a handicap, which I think the Senate should consider very carefully before imposing it upon these companies.

Mr. VANDENBERG and Mr. COPELAND addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. LA FOLLETTE. I yield first to the Senator from Michigan.

Mr. VANDENBERG. I call the Senator's attention further to the fact that it is feared by many of these mutuals that the recitation of these terms confines the definition to each single word; in other words, a farmers' mutual as such, if it happened to lap over into town and have a few risks in town, would cease to be covered by the individual word itself.

Mr. LA FOLLETTE. I thank the Senator for his interruption. I had intended to point out the difficulty of construction in regard to the language as the Senator interprets it. I now yield to the Senator from New York.

Mr. COPELAND. I assume that the Senator has no desire to tax the ordinary cooperative farmers' local insurance companies. Am I right in that?

Mr. LA FOLLETTE. Mr. President, what I am urging the Senate to do is to reject the committee amendment and to retain the existing law, which passed the House and which came to our committee, and which, as I said a moment ago, was amended in the committee, as I believe, without a full understanding on the part of the committee of the effect of the language proposed.

Mr. COPELAND. Will the Senator yield further?

Mr. LA FOLLETTE. I yield.

Mr. COPELAND. Let me call the Senator's attention to page 155, line 17. Does the Senator feel there is any relationship between subsection (a) there and the paragraph we are now discussing?

Mr. LA FOLLETTE. No, Mr. President; but there is another amendment on page 157 proposed by the committee, in lines 9 to 12, which has some relation to this paragraph, and which I intend to discuss when we reach that place in the bill.

Mr. COPELAND. I should like to be clear in my mind as to the attitude of the Senator toward cooperative farm insurance companies.

Mr. LA FOLLETTE. Mr. President, if I had my way about it, I would provide the same kind of a flat exemption in the law for farmers' mutual insurance companies as is now enjoyed by the mutual savings banks and other cooperative enterprises; but the section of the existing law now sought to be amended by the committee has been on the statute books and has been interpreted. I am not seeking at this time further to extend the exemptions granted to this type of insurance company beyond those which Congress has already determined as a matter of permanent policy in previous legislation.

Mr. COPELAND. Will the Senator advise me further, if I were to follow the Senator and vote against the amendment offered by the committee and for the retention of the lan-



guage stricken out immediately before it, whether these cooperative farmer insurance companies would be protected, as no doubt the Senator desires to have them?

Mr. LA FOLLETTE. They would have a workable exemption under the law as it has been; and, so far as I am informed, they are perfectly willing to accept the existing law and the interpretations which have been placed upon it by the Treasury Department.

Mr. COPELAND. I thank the Senator, but I want to be very sure about the matter. I am not well informed on the subject; but we have a number of such insurance companies in my State, and I know they are all very much agitated, and have written in great distress.

Mr. LA FOLLETTE. I am satisfied that the communications which the Senator has received are due to the two committee amendments that I have referred to—the one on page 63 and the one on page 157.

To be frank with the Senator, these companies have had considerable controversy with the department under the existing law. They feel that after having struggled for some time to secure interpretations of the language, they can go on with the existing law successfully; but they are convinced that the enactment of this committee amendment will take away from this mutual type of insurance company an exemption which Congress intended that it should have, and that especially in these depressed times of business it would work a hardship upon many of them, which might be very unfortunate in its outcome.

Mr. KING. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. KING. I ask for information. I was not in the committee during the discussion of this measure; but my understanding is that the amendment was designed for the purpose of reaching what many denominate factory insurance companies. That is to say, some very rich men associate themselves with a number of farmers, and they do some farm insurance business, and they insure large buildings, factories, and so forth, not only in cities and counties but throughout the State. They have made a large amount of money, and accumulated very large surpluses; and the amendment, as I understand, was to prevent them from escaping.

Mr. LA FOLLETTE. Obviously, any mutual insurance company which comes under the terminology of the existing law is not a company organized for profit on the part of the stockholders. It is organized and managed and run by the officials of the company merely as trustees for the policyholders; and I am satisfied that it was the intent of Congress to grant exemption to that type of insurance company. I am informed, I believe reliably, that it was the understanding of the committee at the time this original language was written into the law, and that the briefs filed with the committee and the arguments made at that time show conclusively that it was the understanding of the committee and of Congress at the time the legislation was written.

I wish to make one further point concerning this matter, and it seems to me a rather important one.

No such amendment as this was suggested when the bill was in the Ways and Means Committee. It was not proposed while the bill was in the process of passing through the House of Representatives. No such suggestion was made by the Treasury or by anyone else prior to the hearings before the Finance Committee. The mutual companies that have enjoyed this exemption under the law had no notice that anyone in the Treasury or elsewhere contemplated any change in the existing law. They had no opportunity to present their case or to argue this question either before the Ways and Means Committee or in the House of Representatives or in the hearings before the Finance Committee.

Mr. SMITH and Mr. COUZENS addressed the chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from South Carolina?

Mr. LA FOLLETTE. I yield.

Mr. SMITH. Has the Senator before him the existing law in reference to this matter?

Mr. LA FOLLETTE. The existing law is paragraph (11), which the committee proposes to strike out, and to insert the new language in italics immediately below it on page 63.

Mr. SMITH. I have that before me. That is the law that is now on the statute books?

Mr. LA FOLLETTE. It is.

Mr. SMITH. The Senator will recall that this very matter came up once before; and it was the expression of this body that the exemption of the companies contemplated under this section (11) that has been stricken out should be reinstated, and no tax was to be imposed on this character of mutual insurance company.

I have not had time to look up the matter as it occurred here on the floor, but there was a provision in that bill by which certain companies could be taxed. On a motion that I made, it was stricken out; and the law as it now stands was the expression of this body that where a company was organized for mutual protection, not for profit, it should be exempt from the tax.

I do not think it is a proper thing for us to attempt to evade the purpose of this body under the original law by incorporating language which might receive an interpretation which would curtail the operation of these mutual benefit companies.

Mr. COUZENS. Mr. President—

Mr. LA FOLLETTE. I now yield to the Senator from Michigan.

Mr. COUZENS. The Senator knows that the committee made numerous efforts to close up loopholes and opportunities for evasion.

Mr. LA FOLLETTE. That is correct.

Mr. COUZENS. If the Senator will look at the committee report on page 23, I wonder if he will not find an explanation of this amendment in the following language:

The provisions of the existing law if subject to the interpretation sometimes contended for would result in the exemption of virtually all mutual property insurance companies without regard to their character or manner of organization and operation.

Does the Senator have in mind the kind of companies that have been escaping taxation which the committee intended to reach?

Mr. LA FOLLETTE. According to the statements of the experts in the committee, as I recall, they sought to reach what are commonly called class mutuals, and this amendment was designed to accomplish that purpose. It is the contention of those who have been familiar with this legislation, however, that it was the intent of Congress in adopting this legislation to give exemption to mutual insurance companies organized for the protection of property on a purely mutual basis, and that the adoption of the language suggested by the committee will so restrict the application of that exemption that it will result in many of these farmers' and other mutuals being deprived of this exemption, and thus made subject to the tax, which it is my contention was never the intent of Congress.

For instance, in Iowa there is a mutual insurance company which operates in several States of the Union—at least two States. Obviously, the language recommended by the committee would not permit that company to enjoy the exemption which it has enjoyed under the existing law. To my mind, it is absolutely unjust to companies of this type to attempt to withdraw their present exemption by committee amendment, without any hearing, without their having any opportunity to present their case to the committees of either branch of Congress. It seems to me it is a method of procedure that is absolutely unjustified.

Mr. COUZENS. I think the catch in the existing law is in the words "or other." The Senator, in expressing himself a moment ago, referred to farmers' mutuals or others. If he will observe the language stricken from the bill, it says "farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations," and so forth. It is apparent that others, such as factory mutuals and any other kind of mutuals are able to escape taxation under the present language of the law, and the amendment of the committee was for the purpose of confining the benefits of this act to strictly farmer mutuals.



Mr. LA FOLLETTE. Yes, Mr. President; but it is the contention of the people who are engaged in this type of insurance business that it was the intent of Congress to grant exemption, as the language does, to other mutual hail, cyclone, casualty, or fire insurance companies or associations. They claim it was all threshed out in the committee at the time the language was worked out; and they contend that in the closing hours of the consideration of this bill, without giving them any opportunity to present their case to the committee, to withdraw that privilege which they have enjoyed all these years at a time like this, when, as everyone knows, even the insurance companies have been experiencing difficulty, is unwarranted and unjustified procedure.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. LA FOLLETTE. I yield further.

Mr. COUZENS. But the Senator will observe that all fire-insurance companies and all mutuals are exempted; and why should not life-insurance companies be exempted? Why should the fire companies have an advantage over the life-insurance companies and be exempted from taxation?

Mr. LA FOLLETTE. There is not any contention, as I understand the proposal, that they should be given any wider or more liberal exemption than they have enjoyed under existing law.

Mr. COUZENS. That is quite true; but they have been getting something that Congress did not intend.

Mr. LA FOLLETTE. They say it is not true, Mr. President. They say that Congress fully understood the meaning of this language at the time it was enacted, and they protest most vehemently against being denied the opportunity to present that evidence to the Finance Committee in an orderly way.

Mr. HEBERT and Mr. REED addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield and, if so, to whom?

Mr. LA FOLLETTE. I yield to the Senator from Rhode Island.

Mr. HEBERT. Mr. President, the difficulty with all these provisions affecting mutual fire and casualty companies as they are now existing in the bill is that for the same kind of business, for the same degree of protection, a tax approximately six times as great will be levied upon the mutual companies as is levied upon other classes of companies. The language of the bill is so drawn as to produce that effect. In other words, the whole thing is inartificially drawn and should be modified.

Mr. SHIPSTEAD. Is the Senator speaking of the committee amendment?

Mr. HEBERT. I have not proposed any amendment. Right now it is a difficult matter to propose the right sort of an amendment which would take care of this problem. I may say that representations have been made to me by the officials of some of the companies that had they known there was any intention of changing the law, they would have appeared before the committee and suggested the proper form of an amendment.

Mr. REED. Mr. President, will the Senator from Wisconsin yield to me?

Mr. LA FOLLETTE. I yield.

Mr. REED. I think there is force in what has been said by the Senator from Wisconsin and the Senator from Rhode Island, that this change has been made without an opportunity given to these people to explain their view of the matter, and I was wondering whether the Senator would be willing to pass this amendment over for the present, and perhaps we can arrange for the Finance Committee or a subcommittee of it to give a hearing to these people, and see what is the justice of the matter.

Mr. LA FOLLETTE. I would be perfectly willing to do that, if it is also understood that the amendment on page 157, in lines 8 to 12, would also be passed over.

Mr. REED. That is a part of the same proposition. I think that ought to go over.

Mr. COUZENS. I think that is a fair proposal.

Mr. SMOOT. I am perfectly willing that both of the amendments should go over.

The PRESIDENT pro tempore. The Chair understands the amendment on page 157, referred to by the Senator from Wisconsin, is to be also passed over.

Then, without objection, the amendment on page 157, beginning with line 8 and running through line 12, and the amendment on page 63, beginning with line 5 and running through line 15, will be passed over.

Mr. LA FOLLETTE. I also ask that the amendment in lines 15 to 17, on page 156, be passed over.

The PRESIDENT pro tempore. Without objection, that amendment will be included in the order to pass over.

Mr. NORRIS. Mr. President, I just came into the Chamber and notice there is talk about passing over language on page 157. I have an amendment which I want to offer.

Mr. SMOOT. The amendment on page 157 has been passed over.

Mr. NORRIS. My amendment has not been printed. It is to be inserted on page 65, but it is not an amendment to a committee amendment. Has there been an agreement about considering committee amendments first?

The PRESIDENT pro tempore. No; not about going through the bill for action on committee amendments. No agreement was entered into with reference to dealing with committee amendments first.

Mr. NORRIS. Mr. President, I would be prepared to take this amendment up now if I could have time enough to send to my office for material I want to use.

The PRESIDENT pro tempore. It will be in order, but the Chair may suggest that the Senator may offer the amendment and have it pending, and in the meantime we may go on while the Senator awaits the arrival of his material.

Mr. NORRIS. I will offer it, and let it go over.

The PRESIDENT pro tempore. The Senator may offer it, and it will be regarded as pending, and in the meantime the Senate may take up the next amendment and proceed until the Senator has his material in hand. The clerk will state the amendment of the Senator.

The CHIEF CLERK. On page 65, line 3, after the word "purchases," the Senator from Nebraska [Mr. NORRIS] proposes to insert the following proviso:

*Provided*, That any such association shall not be denied exemption because it does not keep ledger accounts with nonmembers of the business it transacts with such nonmembers, but it shall only be required to keep such records of its business with nonmembers as will show the actual business done with such nonmembers and the profit, if any, derived therefrom: *And provided further*, That from the profit, if any, derived from its business with nonmembers there shall be deducted the proportionate losses, if any, properly chargeable to said nonmembers in the fiscal year of the association in which such business is transacted, and the remaining profit, if any, derived from the business of such nonmember in such fiscal year of the association shall be divided equally between the nonmembers and the association.

The PRESIDENT pro tempore. That amendment will be regarded as pending and will be taken up for consideration when the Senator from Nebraska has his material ready.

Mr. NORRIS. Mr. President, this amendment comes as a result of an investigation made by the Committee on Agriculture and Forestry of a resolution pending before that committee, which was referred to a subcommittee. Evidence was taken, and the subcommittee reached the conclusion that this amendment was necessary in order to give these cooperative organizations an exemption which the law intended they should have, and so reported to the full committee, and suggested to the full committee that this amendment which has just been read be offered. The Committee on Agriculture and Forestry unanimously adopted the amendment, and I am presenting it as an amendment proposed by the Committee on Agriculture and Forestry. I will be ready to take it up at almost any time that suits the convenience of the chairman of the Committee on Finance.



The PRESIDENT pro tempore. Through the understanding which the Chair has, the rights of the Senator from Nebraska are fully protected with reference to the amendment.

#### PROGRAMS OF THE PRESIDENT AND GOVERNOR SMITH

Mr. TYDINGS. Mr. President, I have to ask pardon of the Senate for digressing about five minutes from the consideration of the tax bill because of a statement which has just come into my hands, issued by the present occupant of the chair, able and far-seeing and excellent judge of men, the senior Senator from New Hampshire [Mr. MOSES].

This statement concerns a speech made last night by the Hon. Alfred E. Smith, and in the course of the statement issued by the Senator from New Hampshire, which is very short, we find this sentence:

The fact that this program—

Meaning Smith's—

is clearly akin to most of the program which President Hoover has been trying to enforce upon Congress for six months or more, that it comes a year after it was promised, that it shows a misunderstanding of some of the President's important proposals, is not necessarily of moment—except that it proves that Mr. Smith can recognize a program when he sees it.

That is very complimentary to Mr. Smith, and I appreciate the good wishes of the Senator from New Hampshire in congratulating Mr. Smith. But since Mr. Smith came out for beer and wine, and for the repeal of the eighteenth amendment, and for a public-works program, and for no further relief to the veterans, and for a debt moratorium on foreign loans for 20 years, I do not know but that we are, in turn, entitled to congratulate Mr. Hoover that he and Mr. Smith have so much in common, as pointed out by the statement issued by the Senator from New Hampshire.

If Mr. Hoover has ever said anything about beer and wine since I have been in the Senate, certainly I have not heard of it, and I do not think any Member of the Senate has heard of it, nor has the country. If he has taken any stand on the eighteenth amendment, I have never heard of it, and only two days ago he denounced the public-works program, and in its place advised, seemingly, although the statement seemed to me to be ambiguous, that he favored semipublic works—that is, the building of bridges by private concerns and corporations, and the like—which would liquidate the bonds which the Government would have to float in order to get the money to lend.

If Mr. Hoover has ever pointed out that the veterans should not have their bonus, or that there should be no further drain for veterans upon the Treasury at this time, with any language comparable to that of Mr. Smith, I have not read it.

Mr. REED. Mr. President, did not the Senator read the President's speech to the American Legion convention last summer?

Mr. TYDINGS. About what?

Mr. REED. About the bonus.

Mr. TYDINGS. What did he say?

Mr. REED. I do not recall his words particularly, but he made a special trip to the convention to plead with the Legion not to ask for the bonus, and as a result the Legion did not ask for it.

Mr. TYDINGS. As a result?

Mr. REED. Yes; as a result.

Mr. TYDINGS. I will say to the Senator that if he will read the proceedings of that convention, he will find that Mr. Hoover's speech was not the main factor in getting the veterans upon record in opposition. But be that as it may, I would like to ask what there is in common between Mr. Smith's speech of last night and President Hoover's program?

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. COUZENS. I have not heard of Mr. Hoover coming out for a sales tax yet. Would not the Senator from Maryland ask the President whether he is in favor of the sales tax?

Mr. TYDINGS. I would like to have that included.

Mr. COUZENS. I did not know that there was any accord between President Hoover and Mr. Smith. The Senator from New Hampshire says there is. But I have not seen anything from the President indorsing the sales tax yet.

Mr. TYDINGS. It strikes me that the Senator from New Hampshire is more interested in corralling those who might like Mr. Smith to vote for Mr. Hoover than he is in pointing out the real facts of Mr. Smith's speech, because Mr. Smith had the courage to tell where he stood on every one of the big questions, whether we agree or disagree with him, and, so far as I have been able to hear here in the Senate, I have never heard any statement from the White House on the question of whether we could tax beer and wine and use the money so raised in place of some of the taxes in this bill, and I have never heard of him presenting a public-works program. I do not know, and nobody else in the Senate can tell me to-night, where Mr. Hoover stands on the eighteenth amendment. I ask anybody to tell me who knows.

Mr. NORRIS. Mr. President—

Mr. TYDINGS. I yield.

Mr. NORRIS. I am not going to answer that question; but I want to refer to the answer made by the Senator from Michigan as to the sales tax.

Mr. TYDINGS. I yield to the Senator.

Mr. NORRIS. As I understand, the Secretary of the Treasury indorsed the bill which passed the House, which had in it the sales tax, and I presume, of course, he was speaking for the administration.

Mr. TYDINGS. That is typical of presidential candor, I might say to the Senator from Nebraska. I think that is a fair implication.

Mr. SMOOT and Mr. WHEELER addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Maryland yield, and if so, to whom?

Mr. TYDINGS. I yield for a question to the Senator from Utah.

Mr. SMOOT. I was wondering whether we had not gone far enough into the prohibition question, and whether we could not return to the consideration of the tax bill.

Mr. TYDINGS. Not quite. There is nothing more important before the people at this time than to stop misrepresentations of fact. There have been too many men elected to the White House because the public mind has been so befuddled about the real issue. I ask the question again, Is there anyone in this Chamber who knows where the President stands on the legalization of beer and wine, or upon the eighteenth amendment? Is there anyone who can give me an answer to that question? If there is no one who can, I commend to the President the candor of Mr. Smith, who was not afraid to say where he stood upon that question.

Mr. SMOOT. I do not know myself, but if I did know, I would not take the time now to state it.

Mr. TYDINGS. No; and I do not think we will find out until after the Republican convention meets in Chicago. But I do think that a statement of Mr. Smith being in accord with Mr. Hoover is about as ludicrous a thing as ever could be published. There is nothing in common between them. One man is frank, candid, straightforward, and has a program. There is not a Senator here who can tell me what the other man's program is, not one.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. WHEELER. I will tell the Senator what part of his program is. I read a statement made by one of his spokesmen last night. According to the Philadelphia Record, Ray Lyman Wilbur, Secretary of the Interior, made this statement:

The depression and unemployment, after all, may be a good thing for the children. Adversity keeps parents in closer contact with their progeny.

Consequently the program of the present President is to bring about this depression because of the fact that he



is so interested in children, and he thinks it would be such a good thing for them. I am sure Mr. Smith does not agree with him with reference to that. [Laughter.]

Mr. TYDINGS. Mr. President, I want to conclude with this statement. I say with all sincerity that I regret injecting a partisan thing like this into this debate, but I feel that it is deserving of public condemnation here on this floor, and that if we had at the other end of Pennsylvania Avenue the type of candor and frankness and leadership which the defeated candidate for the Presidency uttered over the radio a few nights ago, in my judgment we would have a program in this country which would do more to settle the present depression than anything we could do.

Mr. SMOOT. Mr. President, now that the Senator has nominated Mr. Smith for the Presidency let us proceed with the tax bill.

Mr. TYDINGS. Mr. President, I have not nominated Mr. Smith for the Presidency. I simply tried to put him in the hall of fame, where he deserves to be put as an honest man in an era of muddling and evasion and equivocation.

Mr. WHEELER. Mr. President, while I am not going to attempt to continue the argument, yet I do think it is interesting to invite attention to what the Secretary of the Interior stated last night in his speech. I am going to ask that the whole article containing Mr. Wilbur's statement before 3,000 experts attending the Fifty-ninth Annual National Conference on Social Work at Convention Hall in Philadelphia last night be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. NORRIS. Mr. President I want to make an inquiry. I could not hear the Senator from Montana. Did he ask to have inserted in the RECORD the Philadelphia Record statement of Secretary Wilbur?

Mr. WHEELER. Yes.

Mr. NORRIS. I was going to do it. I am glad the Senator has done so.

The article is as follows:

[From the Philadelphia Record, May 17, 1932]

DEPRESSION GOOD FOR THE CHILDREN, WILBUR ASSURES—POVERTY SOFTENS UNKIND PARENTS' HEARTS, HE DECLARES

The depression and unemployment, after all, may be a good thing for the children. Adversity keeps parents in closer contact with their progeny.

Above the gnashing of teeth and the walls of the distressed the voice of Ray Lyman Wilbur, Secretary of the United States Department of the Interior, rose last night to express this thought.

The children, he believes, will profit rather than suffer.

Wilbur addressed the 3,000 experts here attending the Fifty-ninth Annual National Conference on Social Work. He spoke at Convention Hall.

#### TWELVE MAIN DIVISIONS

The meetings, which will last through the week, will engage the interests of 12 main divisions of social-service workers and 30 other groups whose activities are closely allied to social-service endeavors.

Discussions and conferences by the score are on the program.

Wilbur's discussion seemed to contradict the unhappy reports of social-service workers who see babies starving and falling heir to ills of the depression which will affect them as well as future generations.

Out of the magic of his imagination Wilbur produced the evidence which makes the depression and unemployment look like a boon. How much of his theory, if any, came from the White House the Secretary did not say.

But, to start with, misfortune, he pointed out, had made the present generation child conscious.

#### AH, FOR ADVERSITY

"With prosperity," he said, "many parents unload their responsibilities for their children onto others. With adversity the home takes its more normal place.

"The reduced mortality rate for infants and for children reported for the past winter certainly does not harmonize with the dire prophecies of those who are inclined to see both 'blue' and 'red' in the present situation.

"The interest of thousands of keen and well-trained people through our country in seeing that our children are properly fed and cared for has given many of them better and more suitable food than in past good times."

#### OUR EYES ARE BAD

"This depression has made us sensitive to conditions which with prosperity would have escaped our notice. We need a new perspective instead of continuing to work up and down the old track. My diagnosis is that our present civilization is broken out with the hives. They irritate and bother us. They show us that we

need some changes in our physical organization, but they are not evidence of a fatal or fundamental weakness.

"Hives are as transitory as they are annoying, if proper living is had and appropriate remedies are taken. National emergencies force realities upon us.

"In this present one we are now passing from the whining and 'blame some one else' period to one of counting our blessings and getting ready to meet the situation."

#### CHILDREN, BE THANKFUL

"I think we can say that this national emergency is being met in so far as children are concerned in new and satisfactory ways.

"If this national emergency will teach us that there is no possible method of replacing the family and the home and that our economic and social scheme should include in it those factors that will do the most for the home, it will be worth the price. Home means so much. Yet it is a hideous hole for millions of children. Low prices favor the efforts to blot out slums and transitional areas."

Concurrent with his views on the effects of the depression upon children, Wilbur last night viewed the depression itself as a sequel to the insanity of a great war, the normal processes of society having been temporarily halted and deranged.

Youthful crime he viewed as the result of a breakdown in the normal conditions of the home.

#### CONDEMNNS JUVENILE COURTS

The Secretary condemned the juvenile-court system as an attempt to make the legal and penal system apply to children.

"It does not and will not," he said. "We must view children from entirely fresh viewpoints. The wildest horses, properly trained and guided, often make the best horses to ride. The child with daring qualities offers the most promise, if properly directed. What we classify as misbehavior at the present time may become qualities that can be turned to use instead of misuse."

Wilbur viewed with abhorrence "the more widespread tendency" to gambling by both adults and youth.

#### IT'S DEMORALIZING

"It is one of the most demoralizing factors in our present American life," he said. "The gambling spirit gives just the wrong turn to growing children, who need to think in terms of security, stability, and honest endeavor, rather than of chance."

The session followed a dinner at the Benjamin Franklin Hotel attended by social workers from all sections of the country. The seating was arranged to bring widely separated groups together at each table.

Among the speakers was Alexander Johnson, of New York, "grand old man" of social work. Johnson, 85, the oldest living member of the conference, was once its president. He has never missed an annual meeting.

United States Senator EDWARD P. COSTIGAN, author of the most seriously considered Federal relief legislation, addressed the conference and brought word that in Congress there is overwhelming sentiment for favorable enactment of relief bills. He predicted success before the close of the session.

#### FAVORS DIRECT AID

Senator COSTIGAN favors two kinds of relief legislation, he told the workers here—the first in the shape of direct aid to the States and municipalities; the second the creation of vast units of public work.

He said that human suffering during the past winter was beyond the limits of the average imagination, "and, to our enduring shame, some Americans have fallen prey to starvation."

The close alliance of the church has given religious workers an important part in the conference this week, and, according to James P. Lichtenberger, professor of sociology at the University of Pennsylvania, the church has too long attempted to stem the tide of social change.

#### EXPRESSES DIVORCE ATTITUDE

Doctor Lichtenberger propounded his views on the attitude of the church toward divorce before a group of clergymen representing the Federal Council of the Churches of Christ in America at the Friends Meeting House, 20 South Twelfth Street, yesterday.

This church conference of social work is in session in conjunction with the National Conference of Social Work.

"Despite reactionary legislation of ecclesiastical bodies," he declared, "I am convinced that the revised ethical religious concepts representing the real prophetic elements of the church are emphasizing the spiritual value of marriage, involving intolerance of evils formerly endured.

"The church should direct the new social order instead of trying to stem the tide. There is no institution more sacred than the human spirit—even the institution of marriage. The marriage of two people out of harmony is an outrage to the human spirit."

#### "HIGHER IDEALS" NEEDED

"Higher ideals of domestic happiness are needed, even if it requires a divorce as a means of moral sanitation.

"Divorce in itself is not the breaking up of marriage; it is only the aftermath.

"The new social order is demanding the liberalization of divorce laws in order to eliminate the subterfuge, the collusion, the necessity of committing misdemeanors in order to win freedom from a marriage that has broken the human spirit.

"Legal separation—the compromise so often recommended by the clergy—will not restore both parties to the unfortunate contract to a new chance at happiness. Only a divorce can do that, and the church must eventually recognize this necessity."



## GIRLS' SOCIETY MEETS

The Girls' Friendly Society, meeting as part of the National Conference of Social Work, held an afternoon session at the Pennsylvania Hotel.

Miss Mary Van Kleeck, director of the Industrial-studies department of the Russell Sage Foundation, the chief speaker, declared that strikes necessarily must be a part of the tremendous drop in wage scales.

"Society is directly responsible for labor conditions," she declared, "and if militia and State police are called out to combat strikes that are bound to occur, we are all responsible. The proper social organization has not been provided. In order to work out a better system of living the sense of possession now actuating our motives must be changed."

## WORKERS WILL SHARE

Miss Van Kleeck, who has recently completed a national survey of the unemployed, declared she had found an eagerness on the part of workers to share their jobs with the idle.

"They were willing to reduce their scale of living and to work part time, so that all may live, but they will rebel against longer hours at minimum wages."

"Where are our leaders?"

E. C. Lindeman, professor of social philosophy in the New York School of Social Work, declared America to-day is suffering from a dearth of "real men" at the helm of industry.

"Old leadership is disappearing as old families die off," Professor Lindeman said at the section on neighborhood and community life.

"Individual leadership has greatly diminished. Those who lead now have not been equipped through experience, because their time and energy have been used in developing industry."

"Individual leadership in community and national life is passing. Control of the community is passing to two types of gangs—respectable and outlaws."

## BOTH FUNCTION "UNDERGROUND"

Explaining his reference to gang control, Professor Lindeman insisted there is "not much difference between respectable and outlaw gangs as they really function. Both work for their own profit and both work mostly underground. They don't like discussion and manage affairs otherwise."

Ann Laws Calley, executive secretary of the Philadelphia Shut-in Society, in a paper presented before the committee on handicapped, declared that despite popular belief "the handicapped are our most neglected and our neediest group."

"Our public attitude is itself the worst and most stubborn handicap of the handicapped," said Miss Calley. "We think of brooms and rug weaving and caning for the blind, pencils and shoestrings for the maimed. We have assumptions that there is something somewhere for each kind of disability. Of course, there are homes, almshouses, and asylums, and something is done for some of each kind of disability. The truth is, however, that taken as a whole the handicapped are neglected."

## SUGGEST WAY TO HELP

"How can we release their usable talents? Very simply; let every business and office employing 10 or more people give a job to one or more such workers. No; this is not charity. These people are capable, they will render a good day's work for the wages they get. They stick to the job, they are loyal, they reduce turnover, they are good help."

Miss Bessie E. Trout, of the New York Children's Aid Society, in a defense of family life, declared that "the new freedom" for children, such as urban life, the automobile, and motion pictures, have complicated child rearing.

"As never before we recognize the importance of the child's emotional life, starting in infancy and continuing through growth," said Miss Trout. "Knowledge of these emotional needs is yet inadequate, but we do know that he needs love—as a plant needs sunlight; he must feel that he is wanted by those about him, and have a sense of permanency, or security, in his setting. His development calls for understanding of his personality, its limits and abilities, with insight which allows freedom but gives guidance. For his growth and adjustment to society, as it is, he must have, too, responsibility in proportion to years and ability. These are a part of his preparation for life and his capacity to enjoy life. An environment from which a child may partake of love, be a part, and benefit from understanding guidance we believe is best found in the family."

Arthur Dunham, director of special studies for the Family Welfare Association of America, discussed the coordination of private and public relief.

"The private family society has a unique and valuable contribution to make, in terms of pioneering, experimentation, the development of family case-work services, and a contribution to community education and planning," Dunham said. "But the facts show that our basic relief pattern is public and that unless we can develop sound and efficient public relief services over the country as a whole, we are lost as far as doing a good job of family social work or relief administration throughout the United States is concerned."

"We need to embody in our public relief laws not the spirit of deference and coercion, not the implication that the American ideal is fulfilled if 'no one is starving,' but a clear and unmistakable expression of the conviction that there is a minimum level of human well-being below which no family, no man or woman

or child may be allowed to fall, and that the end of all public relief and family service is opening up of opportunity and the restoration of the individual to his own normal place in the community."

Frank P. Mitchell, a Y. M. C. A. secretary from Baltimore, speaking before the Seaman's Agencies, pointed out that the jobless man who is given relief should be made to feel some return is expected from him.

"The principle is generally acknowledged that straight relief without some service return from the individual is unsatisfactory," Mitchell said. "It robs a man of his self-respect and produces morbidity. To provide some kind of constructive work to be done in return for the help received accomplishes three things:

"1. The man retains his self-respect.

"2. The loafer type, who never work when they can get something for nothing, are eliminated.

"3. If properly used, the labor expended contributes to the health, happiness, and comfort of the community."

## REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDENT pro tempore. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 72, line 19, after the word "corporation," to insert "accumulated after February 28, 1913," so as to read:

(c) Gain from exchanges not solely in kind: (1) If an exchange would be within the provisions of subsection (b) (1), (2), (3), or (5) of this section if it were not for the fact that the property received in exchange consists not only of property permitted by such paragraph to be received without the recognition of gain, but also of other property or money, then the gain, if any, to the recipient shall be recognized, but in an amount not in excess of the sum of such money and the fair market value of such other property.

(2) If a distribution made in pursuance of a plan of reorganization is within the provisions of paragraph (1) of this subsection but has the effect of the distribution of a taxable dividend, then there shall be taxed as a dividend to each distributee such an amount of the gain recognized under paragraph (1) as is not in excess of his ratable share of the undistributed earnings and profits of the corporation accumulated after February 28, 1913. The remainder, if any, of the gain recognized under paragraph (1) shall be taxed as a gain from the exchange of property.

The amendment was agreed to.

The next amendment was, on page 81, line 7, after the word "surplus," to insert "or as a contribution to capital," so as to read:

(8) Property acquired by issuance of stock or as paid-in surplus: If the property was acquired after December 31, 1920, by a corporation—

(A) by the issuance of its stock or securities in connection with a transaction described in section 112 (b) (5) (including, also, cases where part of the consideration for the transfer of such property to the corporation was property or money, in addition to such stock or securities), or

(B) as paid-in surplus or as a contribution to capital, then the basis shall be the same as it would be in the hands of the transferor, increased in the amount of gain or decreased in the amount of loss recognized to the transferor upon such transfer under the law applicable to the year in which the transfer was made.

The amendment was agreed to.

The next amendment was, on page 83, line 21, after the word "determined," to insert "and adjusted," so as to read:

(12) Property acquired during affiliation: In the case of property acquired by a corporation during a period of affiliation, from a corporation with which it was affiliated, the basis of such property after such period of affiliation shall be determined, in accordance with regulations prescribed by the commissioner with the approval of the Secretary, without regard to intercompany transactions in respect of which gain or loss was not recognized. For the purposes of this paragraph, the term "period of affiliation" means the period during which such corporations were affiliated (determined in accordance with the law applicable thereto) but does not include any taxable year beginning on or after January 1, 1922, unless a consolidated return was made, nor any taxable year after the taxable year 1928. The basis in case of property acquired by a corporation during any period, in the taxable year 1929 or any subsequent taxable year in respect of which a consolidated return is made by such corporation under section 141 of this act or the revenue act of 1928, shall be determined and adjusted in accordance with regulations prescribed under section 141(b) of this act or the revenue act of 1928.

The amendment was agreed to.

The next amendment was, on page 84, after line 19, to strike out:



(B) In respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion (computed without regard to discovery value or percentage depletion), to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws.

And in lieu thereof to insert:

(B) In respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws. Where for any taxable year prior to the taxable year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have been allowable for such year if computed without reference to discovery value or a percentage of income.

Mr. SMOOT. Mr. President, the Senator from Idaho [Mr. THOMAS] was called from the Chamber and will not be here until to-morrow morning. He asked that this amendment might go over. I am willing that it should go over. The same request applies to the amendments on pages 88 and 89.

The PRESIDENT pro tempore. Without objection, the amendments will be passed over, and the clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 90, line 10, after the word "profits," to insert "accumulated after February 28, 1913," so as to read:

#### SEC. 115. DISTRIBUTIONS BY CORPORATIONS

(a) Definition of dividend: The term "dividend" when used in this title (except in section 203 (a) (4) and section 208 (c) (1), relating to insurance companies) means any distribution made by a corporation to its shareholders, whether in money or in other property, out of its earnings or profits accumulated after February 28, 1913.

The amendment was agreed to.

The next amendment was, on page 90, line 14, after the word "profits" and the period, to insert "any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the basis of the stock provided in section 113," so as to read:

(b) Source of distributions: For the purposes of this act every distribution is made out of earnings or profits to the extent thereof, and from the most recently accumulated earnings or profits. Any earnings or profits accumulated, or increase in value of property accrued, before March 1, 1913, may be distributed exempt from tax, after the earnings and profits accumulated after February 28, 1913, have been distributed, but any such tax-free distribution shall be applied against and reduce the basis of the stock provided in section 113.

The amendment was agreed to.

The next amendment was, on page 91, line 15, after the word "shareholders," to insert "is not out of increase in value of property accrued before March 1, 1913, and," so as to read:

(d) Other distributions from capital: If any distribution (not in partial or complete liquidation) made by a corporation to its shareholders is not out of increase in value of property accrued before March 1, 1913, and is not out of earnings or profits, then the amount of such distribution shall be applied against and reduce the basis of the stock provided in section 113; and if in excess of such basis, such excess shall be taxable in the same manner as a gain from the sale or exchange of property.

The amendment was agreed to.

The next amendment was, on page 92, line 14, after the word "profits," to insert "accumulated after February 28, 1913," so as to read:

(g) Redemption of stock: If a corporation cancels or redeems its stock (whether or not such stock was issued as a stock dividend) at such time and in such manner as to make the distribution and cancellation or redemption in whole or in part essentially equivalent to the distribution of a taxable dividend, the amount so distributed in redemption or cancellation of the stock, to the extent that it represents a distribution of earnings or profits accumulated after February 28, 1913, shall be treated as a taxable dividend.

The amendment was agreed to.

The next amendment was, at the top of page 93, to strike out:

(a) Earned income from sources without United States: In the case of an individual citizen of the United States, a bona fide nonresident of the United States for more than six months during the taxable year, amounts received from sources without the United States if such amounts constitute earned income as defined in section 25 (g); but such individual shall not be allowed as a deduction from his gross income any deductions properly allocable to or chargeable against amounts excluded from gross income under this subsection.

Mr. REED. Mr. President, I want to propose an amendment to the material which is proposed to be stricken out on page 93, and then to ask the Senate to disagree to the action of the committee in striking it out. Here is the situation:

In order to help our foreign trade and to put all Americans who are working abroad in a position of equality with their competitors, the Congress in several successive tax bills has exempted from our income taxes that part of the earnings of those Americans which was earned abroad, provided they lived abroad more than six months out of the year.

The reason for doing that was that most countries—Canada and Great Britain, for example—subject an American to their income tax if that American lives in their country for more than six months. The result of taxing such Americans would be that, first, they paid the British or the Canadian income tax and then the American income tax on top of it.

We discovered that the provision had been stretched to the point of exempting an American naval officer or Army officer who was stationed, let us say, in the embassy in London or in some foreign country, like our troops in China. Those people were getting complete exemption from the American income tax. We discovered further, to our surprise, that it had been held that American ambassadors and ministers and officers of the Foreign Service were getting clear out of the payment of any income tax by virtue of the same provision, which nobody in the world ever intended when the provision was first adopted. These people do not deserve the exemption, because they are not subject to the income taxation of the foreign countries in which they are stationed, any more than we would tax the British ambassador here in Washington on his income.

In an effort to remove that situation the committee has cured the wart by cutting off the whole leg, and has recommended the striking out of the paragraph entirely. I think the remedy is much too drastic for the thing we are trying to cure. So I move to amend by inserting on page 93, after line 5, in parenthesis, the words "other than compensation paid by the United States or an agency thereof."

Mr. SMOOT. Then the Senator desires the committee amendment as amended to be disagreed to?

Mr. REED. Yes.

The PRESIDENT pro tempore. The Chair understands the question to be to disagree to the committee amendment and restore the language with the amendment of the Senator from Pennsylvania.

Mr. KING. Mr. President, will the Senator read his amended amendment as it would be perfected?

Mr. REED. I have sent it to the desk and will ask the clerk to read it.

The CHIEF CLERK. After the word "States" in line 5, page 93, insert in parenthesis the words "other than compensation paid by the United States or an agency thereof," so it would read:

(a) Earned income from sources without United States: In the case of an individual citizen of the United States, a bona fide nonresident of the United States for more than six months during the taxable year, amounts received from sources without the United States (other than compensation paid by the United States or an agency thereof) if such amounts constitute earned income as defined in section 25 (g); but such individual shall not be allowed as a deduction from his gross income any deductions properly allocable to or chargeable against amounts excluded from gross income under this subsection.

Mr. KING. The Senator utilizes lines 1 to 5, inclusive?

Mr. REED. This is merely an addition to the 10 lines which the committee proposed to strike out.



The PRESIDENT pro tempore. The effect of the amendment would be a parenthetical addition to the language of the text.

Mr. FLETCHER. Let us have the amendment stated again.

The PRESIDENT pro tempore. The amendment will be again stated.

The Chief Clerk again stated the amendment.

Mr. COUZENS. Mr. President, I want to ask the Senator from Pennsylvania a question. I think there is some merit in what the Senator has said, but I do not believe that Americans who are in foreign countries should be entirely exempt from income tax in this country.

Mr. REED. They are not. They pay an income tax on all their assessments in this country.

Mr. COUZENS. Oh, yes; but any salary or other compensation would be exempted. I am not opposed if the amendment is drawn so they may get credit for the taxes they may pay in other countries, but I am unwilling that their entire salary should be exempted here if they pay no income tax over there or that the exemption should be greater than the amount of tax they pay over there.

Mr. REED. It is not practical, it seems to me, to put it on that basis. In most cases the income taxes of the other countries are heavier than our income taxes here, even under the increased rates, so if we allow them to subtract their taxes from the total tax payable here it would give them an even greater advantage than this amendment would give them by disregarding that part of their income entirely.

The effect of my amendment is to put our tax law on substantially the same basis as that of other countries. For example, my understanding of the law is that if a British citizen were working here in the United States and lived here more than six months of the year we would tax him on his full earnings here just as Great Britain would tax an American living over there, but Great Britain does not tax her British citizen here if he lives here more than six months. This amendment would put our law on the same basis.

Mr. COUZENS. The Senator perhaps misunderstood me. I did not understand that he should be permitted to deduct his taxes paid abroad from the taxes he would be required to pay here. What I was contending is that if a citizen of Pittsburgh, for example, pays a tax abroad, he deducts it from his income, but not from his income tax.

Mr. REED. The Senator would give him credit for his foreign income tax as a deduction from his gross income?

Mr. COUZENS. Yes; and I think that is all he is entitled to, because that is all we grant our own citizens.

Mr. REED. These are our own citizens. Our citizens here are not paying the huge income taxes to any other government than the United States.

Mr. GEORGE. Mr. President, many of them are paying income taxes to the States, and we only allow them to deduct the amount actually paid from their incomes.

Mr. REED. That is true.

Mr. COUZENS. I recognize the contention of the Senator from Pennsylvania has some merit, but I am not willing to go to the extent his amendment goes. I am willing to agree to an amendment which will permit a taxpayer to deduct from his gross income taxes paid in any foreign country.

Mr. REED. I was proposing to tax Americans who I think are unfairly exempted now, like officers of our military service and our Diplomatic Service, but I do not think the subject is worth long debate. I will withdraw my amendment and let the committee amendment be agreed to, and perhaps we can work out something better in conference.

Mr. CONNALLY. Mr. President, I am willing the Senator from Pennsylvania should withdraw his amendment, but I am not in favor of having the Senate and the committee lie down and let the legislating be done in conference. The Senate Finance Committee deliberated on the matter and

adopted this committee amendment after much discussion. The Senate ought to stand by it. The Senator from Pennsylvania says that he is greatly concerned about taxing these Government officials who are abroad.

Mr. REED. Mr. President, I did not say I was greatly concerned. It is just another loophole in the law where people are getting more privileges than they deserve. I am not one bit more concerned than is the Senator from Texas.

Mr. CONNALLY. The Senator did not seem very much concerned about the amendment in the committee. It was adopted, as I recall, over his strenuous opposition. I want to show the Senate what the effect of the amendment would be.

The present provision in the law was slipped into a tax bill some years ago, I understand, at the instance of the State Department. Nobody knew what the real effect of it would be. The taxing authorities have concluded to exempt not only Americans living abroad in private life but any American officer living abroad—diplomatic or Army officer or naval officer—if he stays abroad six months he pays no income tax whatever.

Let me say to the Senator from Michigan that this bill, on page 109, section 131, is more liberal to taxpayers residing abroad than the amendment of the Senator from Michigan would be, because section 101 allows a deduction from their income tax—not from their income but from their income tax—of all foreign taxes that are paid.

So the proposed amendment of the Senator from Pennsylvania is absolutely unnecessary, and I will show the Senate why. If an American living abroad pays any foreign tax whatever, he is allowed to deduct it from his American tax. The result is that if an American living in Great Britain is taxed under the British law he pays no American income tax at all. Under the bill as it now stands the only effect of the amendment of the Senator from Pennsylvania would be that representatives of American companies living in countries in South America, which do not levy any income tax, would be absolutely free from all kinds of income tax. An American living abroad, receiving a salary, having the Government protect him, having our Bureau of Foreign Commerce and State Department serving his interests every day, would pay no income whatever to the Federal Government. I believe he ought to pay some tax. I believe that an American citizen living abroad, enjoying the protection of this Government and having the services of this Government in helping him in his business, ought to pay some Federal tax. Under the law as it now stands there is no double penalty, and if he pays a foreign tax he deducts it from his American tax, and can not be taxed twice.

Mr. SMOOT. I understand that the amendment has been agreed to.

Mr. CONNALLY. No; it has not been agreed to.

Mr. FLETCHER. May I interrupt the Senator?

Mr. CONNALLY. I want to ask the Chair whether the amendment has not been agreed to?

The PRESIDENT pro tempore. It has not been agreed to.

Mr. REED. Mr. President, I had withdrawn my amendment. I am asking the Senate to agree to the committee amendment. The Senator from Texas is asking the same thing and, incidentally, is denouncing me.

Mr. CONNALLY. No; I am not denouncing the Senator. I am denouncing the Senator's statement that he wants to let the Senate formally adopt the amendment, and then that he and others who are going to be on the conference committee may be allowed to rewrite the provision in conference. I want the Senate to express itself now on this amendment so that he will have instructions when he goes into the conference committee and will serve the Senate rather than his own private views. I say that in all kindness.

The PRESIDENT pro tempore. Such an instruction as the Senator from Texas suggests would not be in order at this time.

Mr. SHIPSTEAD. Mr. President, will the Senator from Texas yield for a question?

Mr. CONNALLY. I yield.



Mr. SHIPSTEAD. I am very much interested in what the Senator has just been saying about American citizens living in foreign countries paying taxes abroad and having them deducted from their income tax. Is there anything in the pending bill, either under the consolidated-returns provision or any other provision by which a corporation doing business both here and abroad is given a deduction on its taxes here for whatever taxes it pays abroad?

Mr. CONNALLY. There is a provision in this bill that allows that to be done.

Mr. SHIPSTEAD. I would like to have some explanation as to why that is justified.

Mr. CONNALLY. I will say to the Senator that we are not dealing with that matter at this moment. We are now talking about individuals. The provision as to foreign taxes paid by American corporations is found in another section of the bill, and such taxes are allowed to be deducted from their American tax.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The reading of the bill was resumed. The next amendment was, on page 99, line 10, after the word "year," to strike out "after the taxable year 1933," so as to read:

(b) Net loss as a deduction: If, for any taxable year, it appears upon the production of evidence satisfactory to the commissioner that any taxpayer has sustained a net loss, the amount thereof shall be allowed as a deduction in computing the net income of the taxpayer for the succeeding taxable year (hereinafter in this section called "second year"); the deduction in all cases to be made under regulations prescribed by the commissioner with the approval of the Secretary.

The amendment was agreed to.

The next amendment was, on page 99, line 22, after the word "year" and the period, to insert "If the deduction is in excess of the ordinary net income (computed without such deduction) the amount of such excess shall then be applied against the capital net gain for such year," so as to read:

(c) Capital net gain in second year: If in the second year the taxpayer (other than a corporation) has a capital net gain, the deduction allowed by subsection (b) of this section shall first be applied as a deduction in computing the ordinary net income for such year. If the deduction is in excess of the ordinary net income (computed without such deduction) the amount of such excess shall then be applied against the capital net gain for such year.

The amendment was agreed to.

The next amendment was, on page 100, line 2, after the figures "1930," to strike out "or 1931," and in line 5, after the word "title" and the period, to insert "If for the taxable year 1931 a taxpayer sustained a net loss within the provisions of the revenue act of 1928, the amount of such net loss shall be allowed as a deduction in computing net income for the taxable year 1932 to the same extent and in the same manner as a net loss sustained for one taxable year is, under this act, allowed as a deduction for the succeeding taxable year," so as to read:

(d) Net losses for 1930 or 1931: If for the taxable year 1930 a taxpayer sustained a net loss within the provisions of the revenue act of 1928, the amount of such net loss shall not be allowed as a deduction in computing net income under this title. If for the taxable year 1931 a taxpayer sustained a net loss within the provisions of the revenue act of 1928, the amount of such net loss shall be allowed as a deduction in computing net income for the taxable year 1932 to the same extent and in the same manner as a net loss sustained for one taxable year is, under this act, allowed as a deduction for the succeeding taxable year.

The amendment was agreed to.

The next amendment was, in section 131, taxes of foreign countries and possessions of United States, on page 110, after line 10, to strike out:

(b) Limit on credit: The amount of the credit taken under this section shall be subject to each of the following limitations:

(1) The amount of the credit in respect of the tax paid or accrued to any country shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources within such country bears to his entire net income for the same taxable year; and

(2) The total amount of the credit shall not exceed the same proportion of the tax against which such credit is taken, which the taxpayer's net income from sources without the United States bears to his entire net income for the same taxable year.

And in lieu thereof to insert:

(b) Limit on credit: In no case shall the amount of credit taken under this section exceed the same proportion of the tax, against which such credit is taken, which the taxpayer's net income from sources without the United States bears to his entire net income for the same taxable year.

The amendment was agreed to.

The next amendment was, on page 112, line 16, after the word "country," to insert "or possession of the United States," so as to read:

(e) Proof of credits: The credits provided in this section shall be allowed only if the taxpayer establishes to the satisfaction of the commissioner (1) the total amount of income derived from sources without the United States, determined as provided in section 119, (2) the amount of income derived from each country or possession of the United States, the tax paid or accrued to which is claimed as a credit under this section, such amount to be determined under rules and regulations prescribed by the commissioner with the approval of the Secretary, and (3) all other information necessary for the verification and computation of such credits.

The amendment was agreed to.

The next amendment was, on page 115, line 12, after "(b)," to insert "(or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the revenue act of 1928 in so far as not inconsistent with this act)," so as to read:

#### SEC. 141. CONSOLIDATED RETURNS OF CORPORATIONS

(a) Privilege to file consolidated returns: An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the revenue act of 1928 in so far as not inconsistent with this act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

The amendment was agreed to.

The next amendment was, on page 116, line 9, after "(b)," to insert "(or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the revenue act of 1928 in so far as not inconsistent with this act)," and in line 13, after the word "made," to strike out the semicolon and "except that there shall be added to the rate of tax prescribed by sections 13 (a), 201 (b), and 204 (a), a rate of 1½ per cent, and only one specific credit, computed as provided in section 26 (b), shall be allowed in computing the tax," so as to read:

(c) Computation and payment of tax: In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the revenue act of 1928 in so far as not inconsistent with this act) prescribed prior to the date on which such return is made.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I desire to enter a motion now to reconsider the vote of the Senate in approving the committee amendment in paragraph (c) on page 116. I refer to the whole paragraph.

The PRESIDENT pro tempore. The motion will be entered.

The reading of the bill was resumed.

The next amendment was, on page 121, line 3, before the word "in," to strike out "7 per cent" and insert "9 per cent," so as to read:

#### SEC. 143. WITHHOLDING OF TAX AT SOURCE

(a) Tax-free covenant bonds—

(1) Requirement of withholding: In any case where bonds, mortgages, or deeds of trust, or other similar obligations of a corporation contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this title upon the obligee, or to reimburse the obligee for any portion of the tax, or to pay the interest without deduction for any tax which the



obligor may be required or permitted to pay thereon, or to retain therefrom under any law of the United States, the obligor shall deduct and withhold a tax equal to 2 per cent of the interest upon such bonds, mortgages, deeds of trust, or other obligations, whether such interest is payable annually or at shorter or longer periods, if payable to an individual, a partnership, or a foreign corporation not engaged in trade or business within the United States and not having any office or place of business therein: *Provided*, That if the liability assumed by the obligor does not exceed 2 per cent of the interest, then the deduction and withholding shall be at the following rates: (A) 9 per cent in the case of a nonresident alien individual, or of any partnership not engaged in trade or business within the United States and not having any office or place of business therein and composed in whole or in part of nonresident aliens.

The amendment was agreed to.

The next amendment was, on page 121, line 9, before the word "in," to strike out "13½ per cent" and insert "14 per cent," so as to read:

(B) Fourteen per cent in the case of such a foreign corporation, and (C) 2 per cent in the case of other individuals and partnerships.

The amendment was agreed to.

The next amendment was, on page 121, line 16, after the words "rate of," to strike out "7 per cent" and insert "9 per cent," so as to make the additional proviso read:

*Provided further*, That if the owners of such obligations are not known to the withholding agent the commissioner may authorize such deduction and withholding to be at the rate of 2 per cent, or, if the liability assumed by the obligor does not exceed 2 per cent of the interest, then at the rate of 9 per cent.

The amendment was agreed to.

The next amendment was, on page 123, line 5, after the word "to," to strike out "7 per cent" and insert "9 per cent," so as to read:

(3) Income of obligor and obligee: The obligor shall not be allowed a deduction for the payment of the tax imposed by this title, or any other tax paid pursuant to the tax-free covenant clause, nor shall such tax be included in the gross income of the obligee.

(b) Nonresident aliens: All persons, in whatever capacity acting, including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of the United States, having the control, receipt, custody, disposal, or payment of interest (except interest on deposits with persons carrying on the banking business paid to persons not engaged in business in the United States and not having an office or place of business therein), rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income, of any nonresident alien individual, or of any partnership not engaged in trade or business within the United States and not having any office or place of business therein and composed in whole or in part of nonresident aliens (other than income received as dividends of the class allowed as a credit by section 25 (a)), shall (except in the cases provided for in subsection (a) of this section and except as otherwise provided in regulations prescribed by the commissioner under section 215) deduct and withhold from such annual or periodical gains, profits, and income a tax equal to 9 per cent thereof.

The amendment was agreed to.

The next amendment was, on page 123, line 9, after the word "agent," to strike out the colon and the following additional proviso:

*Provided further*, That the provisions of this subsection with respect to the deduction and withholding in the case of dividends shall take effect on and after the thirtieth day after the enactment of this act, and shall be applicable without regard to the gross income of the corporation paying the dividend.

The amendment was agreed to.

The next amendment was, on page 124, line 23, after the words "rates of," strike out "13½ per cent" and insert "14 per cent," and in the same line, after the word "and," to strike out "7 per cent" and insert "9 per cent," so as to read:

(g) Notwithstanding the provisions of subsections (a) and (b), the deduction and withholding for any period prior to the date of the enactment of this act shall be at the rates of 12 per cent and 5 per cent in lieu of the rates of 14 per cent and 9 per cent prescribed in such subsections.

The amendment was agreed to.

The next amendment was, on page 125, line 10, after the word "to," to strike out "13½ per cent" and insert "14 per cent," so as to read:

#### SEC. 144. PAYMENT OF CORPORATION INCOME TAX AT SOURCE

In the case of foreign corporations subject to taxation under this title not engaged in trade or business within the United States and not having any office or place of business therein, there shall be deducted and withheld at the source in the same manner and upon the same items of income as is provided in section 143 a tax equal to 12 per cent thereof in respect of all payments of income made before the enactment of this act, and equal to 14 per cent thereof in respect of all payments of income made after the enactment of this act, and such tax shall be returned and paid in the same manner and subject to the same conditions as provided in that section:

The amendment was agreed to.

The next amendment was, on page 136, line 18, after the figures "161," to strike out "but the amount contributed to such fund by the employer and all earnings of such fund shall be taxed to the distributee in the year in which distributed or made available to him" and insert "but the amount actually distributed or made available to any distributee shall be taxable to him in the year in which so distributed or made available to the extent that it exceeds the amounts paid in by him," so as to make the section read:

#### SEC. 165. EMPLOYEES' TRUSTS

A trust created by an employer as a part of a stock bonus, pension, or profit-sharing plan for the exclusive benefit of some or all of his employees, to which contributions are made by such employer, or employees, or both, for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan, shall not be taxable under section 161, but the amount actually distributed or made available to any distributee shall be taxable to him in the year in which so distributed or made available to the extent that it exceeds the amounts paid in by him. Such distributees shall for the purpose of the normal tax be allowed as credits against net income such part of the amount so distributed or made available as represents the items of dividends and interest specified in section 25 (a) and (b).

The amendment was agreed to.

Mr. COUZENS. I wish to enter a motion to reconsider the votes whereby all the amendments agreed to by the Senate beginning on page 120, in section 143, which have to do with the normal taxes.

The PRESIDENT pro tempore. The Chair understands from the tenor of the motion which the Senator wishes to enter that he wants to begin on page 121 where "7 per cent" is changed to "9 per cent" and including all of the amendments which follow.

Mr. COUZENS. That is correct; where the figures have to do with the normal rates.

Mr. REED. May I suggest that the Senator make his motion apply to the votes on all amendments in section 143?

Mr. COUZENS. That is what I said in the first place, but the Chair seemed to correct my motion.

The PRESIDENT pro tempore. The Senator named a page, and the Chair thought he was referring to that page only. The Senator wishes to enter a motion to reconsider the vote whereby the committee amendments in section 143 have been agreed to.

Mr. COUZENS. And section 144, as it has to do with the same thing.

The PRESIDENT pro tempore. The motion will be entered.

The reading of the bill was resumed.

The next amendment was, in section 166, "Revocable trusts," on page 137, after line 4, to strike out:

Where the grantor of a trust has at any time during the taxable year the power to revest in himself title to any part of the corpus of the trust (if such power is vested in him either alone or in conjunction with any person not having a substantial adverse interest in the disposition of the part of the corpus in question), then the income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

And in lieu thereof to insert:

Where at any time during the taxable year the power to revest in the grantor title to any part of the corpus of the trust is vested—

(1) in the grantor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom, or  
(2) in any person not having a substantial adverse interest in the disposition of such part of the corpus or the income therefrom,



then the income of such part of the trust for such taxable year shall be included in computing the net income of the grantor.

The amendment was agreed to.

The next amendment was, on page 138, line 3, after the word "grantor," to insert "or of any person not having a substantial adverse interest in the disposition of such part of the income," and in line 6, after the word "to," to strike out "him" and insert "the grantor," so as to read:

#### SEC. 167. INCOME FOR BENEFIT OF GRANTOR

(a) Where any part of the income of a trust—

(1) is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, held or accumulated for future distribution to the grantor; or.

The amendment was agreed to.

The next amendment was, on page 138, line 8, after the word "grantor," to insert "or of any person not having a substantial adverse interest in the disposition of such part of the income," and in line 11, after the word "to," to strike out "him" and insert "the grantor," so as to read:

(2) may, in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income, be distributed to the grantor; or.

The amendment was agreed to.

The next amendment was, on page 138, line 12, after the word "grantor," to insert "or of any person not having a substantial adverse interest in the disposition of such part of the income," so as to read:

(3) Is, or in the discretion of the grantor or of any person not having a substantial adverse interest in the disposition of such part of the income may be, applied to the payment of premiums upon policies of insurance on the life of the grantor (except policies of insurance irrevocably payable for the purposes and in the manner specified in section 23 (n), relating to the so-called "charitable contribution" deduction).

The amendment was agreed to.

The next amendment was, on page 144, line 10, after the word "company," to strike out "13½ per cent" and insert "14 per cent," so as to read:

#### SEC. 201. TAX ON LIFE-INSURANCE COMPANIES

(a) Definition: When used in this title the term "life-insurance company" means an insurance company engaged in the business of issuing life-insurance and annuity contracts (including contracts of combined life, health, and accident insurance), the reserve funds of which held for the fulfillment of such contracts comprise more than 50 per cent of its total reserve funds.

(b) Rate of tax: In lieu of the tax imposed by section 13, there shall be levied, collected, and paid for each taxable year upon the net income of every life-insurance company a tax as follows:

(1) In the case of a domestic life-insurance company, 14 per cent of its net income.

The amendment was agreed to.

The next amendment was, on page 144, line 12, after the word "company," to strike out "13½ per cent" and insert "14 per cent," so as to read:

(2) In the case of a foreign life-insurance company, 14 per cent of its net income from sources within the United States.

The amendment was agreed to.

The next amendment was, in section 203, net income of life-insurance companies, on page 145, after line 8, to strike out:

(2) Reserve funds: An amount equal to 3½ per cent of the mean of the reserve funds required by law and held at the beginning and end of the taxable year, plus (in case of life-insurance companies issuing policies covering life, health, and accident insurance combined in one policy issued on the weekly-premium payment plan, continuing for life and not subject to cancellation) 3½ per cent of the mean of such reserve funds (not required by law) held at the beginning and end of the taxable year, as the commissioner finds to be necessary for the protection of the holders of such policies only.

And in lieu thereof to insert:

(2) Reserve funds: An amount equal to 4 per cent of the mean of the reserve funds required by law and held at the beginning and end of the taxable year, except that in the case of any such reserve fund which is computed at a lower interest assumption rate, such lower rate shall be substituted for 4 per cent. Life-insurance companies issuing policies covering life, health, and accident insurance combined in one policy issued on the weekly-premium-payment plan, continuing for life and not subject to cancellation, shall be allowed, in addition to the above, a deduc-

tion of 3½ per cent of the mean of such reserve funds (not required by law) held at the beginning and end of the taxable year, as the commissioner finds to be necessary for the protection of the holders of such policies only.

Mr. LA FOLLETTE. Mr. President, I move to amend the committee amendment on line 1, by striking out the words "such lower rate" and inserting the words "the rate of 3½ per cent."

The PRESIDENT pro tempore. On what page?

Mr. LA FOLLETTE. On page 146.

Mr. TYDINGS. We are now on page 145, as I understand.

The PRESIDENT pro tempore. But the amendment runs over to page 146.

Mr. TYDINGS. I desire to offer an amendment to substitute the House provision for the Senate provision.

Mr. LA FOLLETTE. I offer an amendment to strike out the words in line 1, on page 146, "such lower rate" and to insert "the rate of 3½ per cent," so that it will read:

Which is computed at a lower interest assumption rate, the rate of 3½ per cent shall be substituted for 4 per cent.

Mr. President, the amendment offered by me will accomplish, I think, the purpose the Senator from Maryland has in mind. It so happens that those who drafted this amendment selected very fortunate language, so that we may accomplish the purpose of carrying out the first action taken by the Finance Committee by the amendment now pending to the committee amendment.

Mr. President, the committee spent a good deal of time on the question of the taxation of life-insurance companies.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. SMOOT. I call the Senator's attention to the fact that the committee did agree, in the first place, to the wording which the Senator now suggests, but later the committee decided to make the wording as it is reported to the Senate.

Mr. LA FOLLETTE. I was just about to state, Mr. President, that if the amendment which I am now offering should be adopted to the committee amendment, the Senate would take the same action which the Finance Committee first took when considering this section.

In the committee the impression was gained by a good many members of the committee that the issue involved in this controversy over the method of taxation of reserve funds involved the question between large and small companies, between old and new companies. I think, however—

Mr. HARRISON. Mr. President—

Mr. LA FOLLETTE. I yield to the Senator, though I should like to finish.

Mr. HARRISON. I do not want to stop the Senator in the midst of a sentence, but I was merely going to suggest that this is one item, as the Senator will recall in the committee, in which the Senator from Oklahoma [Mr. THOMAS] was very much interested. I have conferred with some others of my colleagues on the committee, and I thought it might be fair that this matter be passed over until he returns.

Mr. LA FOLLETTE. If that is agreeable to the chairman of the committee, I shall not have any objection. I wish to be accommodating.

Mr. HARRISON. Of course, we all recall that this is one of the most troublesome matters we had in the committee.

Mr. SMOOT. Does the Senator know what change the Senator desires?

Mr. HARRISON. Oh, yes; the Senator desires what the committee did.

Mr. SMOOT. Then I will ask that the amendment go over until the Senator from Oklahoma comes back.

The PRESIDENT pro tempore. Without objection, the amendment will be passed over.

Mr. FLETCHER. Mr. President, before that is done I should like the Senator to state exactly what his amendment is.

Mr. LA FOLLETTE. The amendment I propose is to the committee amendment. If the Senator will turn to page



146, line 1, I propose to strike out the first three words in the line, "such lower rate," and to insert "the rate of 3¼ per cent."

Mr. SMOOT. Instead of 4 per cent.

Mr. LA FOLLETTE. May I say to the Senator that that will result if it is provided they shall have a 3¼ per cent instead of a 4 per cent deduction.

Mr. FLETCHER. So that it will read:

At a lower interest assumption rate, the rate of 3¼ per cent shall be substituted for 4 per cent.

Mr. LA FOLLETTE. That is correct.

The PRESIDENT pro tempore. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 148, line 9, after the word "obsolescence" and the semicolon, to insert the word "and," so as to read:

(7) Depreciation: A reasonable allowance for the exhaustion, wear and tear of property, including a reasonable allowance for obsolescence; and.

The amendment was agreed to.

The next amendment was, on page 148, line 17, after the word "title," to strike out the semicolon and the word "and," so as to read:

(8) Interest: All interests paid or accrued within the taxable year on its indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities (other than obligations of the United States issued after September 24, 1917, and originally subscribed for by the taxpayer) the interest upon which is wholly exempt from taxation under this title.

The amendment was agreed to.

The next amendment was, on page 148, after line 17, to strike out:

(9) Specific exemption: In the case of a domestic life-insurance company, the net income of which (computed without the benefit of this paragraph) is \$10,000 or less, the sum of \$1,000; but if the net income is more than \$10,000, the tax imposed by section 201 shall not exceed the tax which would be payable if the \$1,000 credit were allowed, plus the amount of the net income in excess of \$10,000.

The amendment was agreed to.

The next amendment was, at the top of page 149, to strike out:

(b) Rental value of real estate: No deduction shall be made under subsection (a) (6) and (7) of this section on account of any real estate owned and occupied in whole or in part by a life-insurance company unless there is included in the return of gross income the rental value of the space so occupied. Such rental value shall be not less than a sum which in addition to any rents received from other tenants shall provide a net income (after deducting taxes, depreciation, and all other expenses) at the rate of 4 per cent per annum of the book value at the end of the taxable year of the real estate so owned or occupied.

And in lieu thereof to insert:

(b) Rental value of real estate: The deduction under subsection (a) (6) or (7) of this section on account of any real estate owned and occupied in whole or in part by a life-insurance company, shall be limited to an amount which bears the same ratio to such deduction (computed without regard to this subsection) as the rental value of the space so occupied bears to the rental value of the entire property.

Mr. SMOOT. Mr. President, there has been a mistake either in the preparation of the amendment or in the printing, I do not know which; but after the word "space," in line 18, the word "not" should be inserted, so that it will read:

As the rental value of the space not so occupied bears to the rental value of the entire property.

Mr. HARRISON. That is right.

The PRESIDENT pro tempore. Without objection, the amendment suggested by the Senator from Utah to the amendment of the committee will be agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 150, line 13, after the word "company," to strike out "13½ per cent" and insert "14 per cent," so as to read:

SEC. 204. INSURANCE COMPANIES OTHER THAN LIFE OR MUTUAL

(a) Imposition of tax: In lieu of the tax imposed by section 13 of this title, there shall be levied, collected, and paid for each

taxable year upon the net income of every insurance company (other than a life or mutual insurance company) a tax as follows:

(1) In the case of such a domestic insurance company, 14 per cent of its net income.

The amendment was agreed to.

The next amendment was, on page 150, line 15, after the word "company," to strike out "13½ per cent" and insert "14 per cent," so as to read:

(2) In the case of such a foreign insurance company, 14 per cent of its net income from sources within the United States.

The amendment was agreed to.

The next amendment was, on page 151, line 3, after the word "of," to strike out "property" and insert "property, and (C) all other items constituting gross income under section 22," so as to read:

(b) Definition of income, etc.: In the case of an insurance company subject to the tax imposed by this section—

(1) Gross income: "Gross income" means the sum of (A) the combined gross amount earned during the taxable year, from investment income and from underwriting income as provided in this subsection, computed on the basis of the underwriting and investment exhibit of the annual statement approved by the National Convention of Insurance Commissioners, and (B) gain during the taxable year from the sale or other disposition of property, and (C) all other items constituting gross income under section 22.

The amendment was agreed to.

The next amendment was, on page 154, line 3, after "23(k)," to strike out the semicolon, so as to read:

(9) A reasonable allowance for the exhaustion, wear and tear of property, as provided in section 23(k).

The amendment was agreed to.

The next amendment was, on page 154, after line 3, to strike out:

(10) In the case of such a domestic insurance company, the net income of which (computed without the benefit of this paragraph) is \$10,000 or less, the sum of \$1,000; but if the net income is more than \$10,000 the tax imposed by this section shall not exceed the tax which would be payable if the \$1,000 credit were allowed, plus the amount of the net income in excess of \$10,000.

The amendment was agreed to.

The next amendment was, in section 208, mutual insurance companies other than life, on page 156, line 15, after the word "sums," to strike out "other than dividends paid" and insert "(other than dividends) paid or incurred," so as to read:

(c) Deductions: In addition to the deductions allowed to corporations by section 23, the following deductions to insurance companies shall also be allowed, unless otherwise allowed—

(1) Mutual insurance companies other than life-insurance companies—

(A) the net addition required by law to be made within the taxable year to reserve funds (including in the case of assessment insurance companies the actual deposit of sums with State or Territorial officers pursuant to law as additions to guarantee or reserve funds); and

(B) the sums (other than dividends) paid or incurred within the taxable year on policy and annuity contracts.

The PRESIDENT pro tempore. The Chair understands that amendment is to be passed over.

Mr. REED. That is all right. Go ahead.

Mr. SMOOT. No, Mr. President.

Mr. KING. That goes over.

Mr. SMOOT. On line 15, Mr. President, and line 16, the request was that the amendment go over.

The PRESIDENT pro tempore. The Chair understands all that to go over down to line 13 on page 157. Is that right.

Mr. SMOOT. Yes.

Mr. REED. That has nothing whatever to do with the question that went over. What went over was the question of the reserve rate deductible from the gross income of insurance companies.

Mr. LA FOLLETTE. Correct; but the Senator from Rhode Island [Mr. HEBERT] suggested that he would like to have that go over, so I included it in my request; and I should not like to have that altered unless the Senator from Rhode Island is agreeable to it.

Mr. SMOOT. He also asked me that it go over.



Mr. REED. Then, on page 148 there is a similar provision with relation to life-insurance companies. Does the Senator want that to go over, too?

Mr. SMOOT. He did not ask that that go over. When we decide the question, if we make the change here, of course we will return to the other part of the bill.

Mr. REED. All right.

Mr. SMOOT. But I stated to the Senator that I would ask that that go over to-night, and also the amendment on page 157, lines 10 to 12. I ask that that go over, Mr. President.

The PRESIDENT pro tempore. Does the Chair understand that the amendment on page 148, referred to by the Senator from Pennsylvania, also goes over?

Mr. SMOOT. No, Mr. President. If this is agreed to, then we will return to the item on page 148, to which the Senator refers.

The PRESIDENT pro tempore. The present order, then, is that all the amendments beginning on page 156, under subsection (B), go over down to line 13 on page 157?

Mr. SMOOT. That is right.

The PRESIDENT pro tempore. Very well.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 157, line 17, after the words "shall be," to strike out "7 per cent" and insert "9 per cent," so as to read:

#### SUPPLEMENT H—NONRESIDENT ALIEN INDIVIDUALS

##### SEC. 211. NORMAL TAX

(a) General rule: In the case of a nonresident alien individual who is not a resident of a contiguous country, the normal tax shall be 9 per cent of the amount of the net income in excess of the credits against net income allowed to such individual.

The PRESIDENT pro tempore. The Chair asks the attention of the Senator from Michigan and desires to know whether these increases from 7 per cent go over?

Mr. COUZENS. Do I understand that the Senate has agreed to the amendments in section 211?

The PRESIDENT pro tempore. No; we are just coming to them.

Mr. COUZENS. I want them to be agreed to first.

The PRESIDENT pro tempore. And then a motion will be made to reconsider? Very well. Without objection, the amendment is agreed to.

The next amendment was, on page 157, line 24, before the word "of," to strike out "2 per cent" and insert "3 per cent," and on page 158, line 5, before the word "rate," to strike out "2 per cent" and insert "3 per cent," so as to read:

(b) Aliens resident in contiguous countries: In the case of an alien individual resident in a contiguous country, the normal tax shall be an amount equal to the sum of the following:

(1) 3 per cent of the amount by which the part of the net income attributable to wages, salaries, professional fees, or other amounts received as compensation for personal services actually performed in the United States, exceeds the personal exemption and credits for dependents; but the amount taxable at such 3 per cent rate shall not exceed \$4,000.

The amendment was agreed to.

The next amendment was, on page 158, line 7, before the word "of," to strike out "4 per cent" and insert "6 per cent," and in line 11, before the word "rate," to strike out "4 per cent" and insert "6 per cent," so as to read:

(2) 6 per cent of the amount by which such part of the net income exceeds the sum of (A) the personal exemption and credit for dependents, plus (B) \$4,000; but the amount taxable at such 6 per cent rate shall not exceed \$4,000; and

The amendment was agreed to.

The next amendment was, on page 158, line 13, before the word "of," to strike out "7 per cent" and insert "9 per cent," so as to read:

(3) 9 per cent of the amount of the net income in excess of the sum of (A) the amount taxed under paragraphs (1) and (2) of this subsection plus (B) the total credits against net income allowed to such individual.

The amendment was agreed to.

Mr. COUZENS. Mr. President, I now enter a motion for reconsideration of all the committee amendments in section 211, beginning with page 157.

The PRESIDENT pro tempore. That motion will be entered.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, at the top of page 167, to strike out:

(e) Credits against net income.—

(1) Citizens: A citizen of the United States entitled to the benefits of this section shall be allowed a personal exemption of only \$1,000 and shall not be allowed the credit for dependents provided in section 25 (d).

(2) A domestic corporation entitled to the benefits of this section shall not be allowed the specific credit of \$1,000 provided in section 26.

And in lieu thereof to insert:

(e) Credits against net income: A citizen of the United States entitled to the benefits of this section shall be allowed a personal exemption of only \$1,000 and shall not be allowed the credit for dependents provided in section 25 (d).

The amendment was agreed to.

The next amendment was, on page 169, line 6, before the word "provided," to strike out "credits" and insert "credit," so as to read:

#### SUPPLEMENT K—CHINA TRADE ACT CORPORATIONS

##### SECTION 261. CREDIT AGAINST NET INCOME

(a) Allowance of credit: For the purpose only of the tax imposed by section 13 there shall be allowed, in the case of a corporation organized under the China trade act, 1922, in addition to the credit provided in section 26, a credit against the net income of an amount equal to the proportion of the net income derived from sources within China (determined in a similar manner to that provided in section 119) which the par value of the shares of stock of the corporation owned on the last day of the taxable year by (1) persons resident in China, the United States, or possessions of the United States, and (2) individual citizens of the United States or China wherever resident, bears to the par value of the whole number of shares of stock of the corporation outstanding on such date.

The amendment was agreed to.

The next amendment was, under "Title II—Additional estate tax—Section 401, Imposition of tax," on page 198, line 15, before the word "tax," to strike out "an additional" and insert the article "a," so as to read:

(a) In addition to the estate tax imposed by section 301 (a) of the revenue act of 1926, there is hereby imposed upon the transfer of the net estate of every decedent dying after the enactment of this act, whether a resident or nonresident of the United States, a tax equal to the excess of.

The amendment was agreed to.

The next amendment was, on page 203, line 19, after the word "that," to insert "in the case of a resident decedent," so as to read:

##### SEC. 403. ASSESSMENT, COLLECTION, AND PAYMENT OF TAX

Except as provided in section 402, the tax imposed by section 401 of this act shall be assessed, collected, and paid in the same manner, and shall be subject to the same provisions of law (including penalties), as the tax imposed by section 301 (a) of the revenue act of 1926, except that in the case of a resident decedent a return shall be required if the value of the gross estate at the time of the decedent's death exceeds \$50,000.

The amendment was agreed to.

The next amendment was, under the heading "Title III—Gift tax—Section 501. Imposition of tax," on page 204, line 6, after the word "nonresident," to insert "not a citizen of the United States," and in line 8, after the name "United States," to insert "The tax shall not apply to a transfer made on or before the date of the enactment of this act," so as to read:

(a) For the calendar year 1932 and each calendar year thereafter a tax, computed as provided in section 502, shall be imposed upon the transfer during such calendar year by any individual, resident or nonresident, of property by gift.

(b) The tax shall apply whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible, but in the case of a nonresident not a citizen of the United States shall apply to a transfer only if the property is situated within the United States. The tax shall not apply to a transfer made on or before the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 208, line 10, after the word "than," to strike out "\$3,000" and insert "\$5,000";



and in line 13, after the word "first," to strike out "\$3,000" and insert "\$5,000," so as to read:

#### SEC. 504. NET GIFTS

(a) General definition: The term "net gifts" means the total amount of gifts made during the calendar year, less the deductions provided in section 505.

(b) Gifts less than \$5,000: In the case of gifts (other than of future interests in property) made to any person by the donor during the calendar year, the first \$5,000 of such gifts to such person shall not, for the purposes of subsection (a), be included in the total amount of gifts made during such year.

The amendment was agreed to.

The next amendment was, on page 208, line 19, before the word "resident," to insert "citizen or," so as to read:

#### SEC. 505. DEDUCTIONS

In computing net gifts for any calendar year there shall be allowed as deductions:

(a) Residents: In the case of a citizen or resident—

(1) Specific exemption: An exemption of \$50,000, less the aggregate of the amounts claimed and allowed as specific exemption for preceding calendar years.

The amendment was agreed to.

The next amendment was, on page 210, line 5, after the word "nonresident," to insert "not a citizen of the United States," so as to read:

(b) Nonresidents: In the case of a nonresident not a citizen of the United States, the amount of all gifts made during such year to or for the use of.

The amendment was agreed to.

The next amendment was, on page 222, line 23, after the word "under," to strike out "subsection (a) of," so as to read:

(g) Same—Further conditions: If the bond is given before the donor has filed his petition with the board under section 513 (a), the bond shall contain a further condition that if a petition is not filed within the period provided in such subsection, then the amount the collection of which is stayed by the bond will be paid on notice and demand at any time after the expiration of such period, together with interest thereon at the rate of 6 per cent per annum from the date of the jeopardy notice and demand to the date of notice and demand under this subsection.

The amendment was agreed to.

The next amendment was, on page 232, line 7, before the word "any," to insert "(a)"; in line 12, before the word "such," to strike out "makes" and insert "make"; and in the same line, after the word "return," to strike out "keeps" and insert "keep," so as to read:

#### SECTION 525. PENALTIES

(a) Any person required under this title to pay any tax, or required by law or regulations made under authority thereof to make a return, keep any records, or supply any information, for the purposes of the computation, assessment, or collection of any tax imposed by this title, who willfully fails to pay such tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, be fined not more than \$10,000, or imprisoned for not more than one year, or both, together with the costs of prosecution.

The amendment was agreed to.

The next amendment was, on page 232, after line 18, to insert:

(b) Any person who willfully attempts in any manner to evade or defeat any tax imposed by this title or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony and, on conviction thereof, be fined not more than \$10,000, or imprisoned for not more than five years, or both, together with the costs of prosecution.

The amendment was agreed to.

The next amendment was, on page 239, line 9, after the word "excise," to strike out "tax" and insert "taxes," so as to make the heading read:

#### TITLE IV.—MANUFACTURERS' EXCISE TAXES

The amendment was agreed to.

Mr. HARRISON. Mr. President, we have now reached in the bill the excise taxes. It seems to me that if there is going to be an offer made to insert the general sales tax, it ought to be done and the matter settled before we deal with these excise taxes.

Mr. REED. Under the circumstances, Mr. President, I think it would be appropriate to suggest the absence of a quorum.

Mr. LA FOLLETTE. Mr. President, will the Senator withhold that for a moment?

Mr. REED. I withhold the suggestion.

Mr. LA FOLLETTE. I desire to enter a motion to reconsider the vote whereby the committee amendment at the bottom of page 35, lines 24 and 25, and at the top of page 36, lines 1 to 4, inclusive, was agreed to.

The VICE PRESIDENT. Without objection, that motion will be entered.

Mr. FLETCHER. Mr. President, will the Senator yield to me?

Mr. REED. I yield.

Mr. FLETCHER. We have about reached the subject of lubricating oil, and I ask to have inserted in the Record a telegram protesting against the increase of that tax.

The VICE PRESIDENT. Without objection, the telegram will be printed in the Record.

The telegram is as follows:

JACKSONVILLE, FLA., May 16, 1932.

Senator D. U. FLETCHER,

Senate Office Building, Washington, D. C.:

It is stated that Senate Finance Committee changed their recent recommendation of 2 cents per gallon tax on all lubricating oils to 4 cents per gallon, estimating this would bring in annual revenue of \$40,000,000. While we are strongly in favor of balancing Budget, this tax, in our opinion, is unduly discriminatory. As large users of lubricating oils, this tax, of course, would add materially to our cost of operation. Request that you cut out this tax entirely or at least restore previous recommendation of 2 cents per gallon.

JACKSONVILLE JOURNAL.

Mr. LONG. Mr. President, may I ask the Senator from Mississippi to repeat his statement? I was not paying attention to what he said.

Mr. HARRISON. We have reached that part of the bill where we begin the excise-tax provisions; and I have suggested that I thought we ought to settle the proposition of a general sales tax at this time. The Senator from Massachusetts [Mr. WALSH] has stated publicly and privately that he intended to offer such an amendment. It seems to me, if it is going to be offered, it would be better to vote on it now than after we have gotten into these various items.

Mr. REED. Mr. President, I renew my suggestion of the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Davis	La Follette	Shortridge
Barkley	Dickinson	Logan	Smith
Bingham	Dill	Long	Smoot
Blaine	Fess	McGill	Steiner
Borah	Fletcher	McNary	Stephens
Brookhart	George	Metcalf	Thomas, Idaho
Broussard	Glenn	Moses	Thomas, Okla.
Bulkeley	Goldsborough	Neely	Townsend
Bulow	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hastings	Oddie	Wagner
Cohen	Hatfield	Patterson	Walcott
Connally	Hayden	Pittman	Walsh, Mass.
Coolidge	Hebert	Reed	Walsh, Mont.
Copeland	Johnson	Robinson, Ark.	Watson
Costigan	Jones	Robinson, Ind.	Wheeler
Couzens	Keyes	Schall	White
Cutting	King	Sheppard	

The VICE PRESIDENT. Seventy-one Senators have answered to their names. There is a quorum present.

Mr. THOMAS of Idaho. Mr. President, this afternoon I was unavoidably detained from the Chamber, and the Senate passed over an amendment in section 114 that has to do with depletion in mines. I ask unanimous consent to return to that section at this time.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I asked that that amendment should go over until the Senator from Idaho could reach the Chamber.

Mr. THOMAS of Idaho. I ask that the amendment now be taken up.



The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 84, the committee proposes to strike out lines 20 to 24, and on page 85, lines 1 and 2, and to insert the following:

(B) In respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws. Where for any taxable year prior to the taxable year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have been allowable for such year if computed without reference to discovery value or a percentage of income.

Mr. REED. Mr. President, I would suggest that the orderly way to get at this matter is to start first with the consideration of the amendment on page 89, because that is where the essential principle is laid down. This other is merely a necessary consequence of the principle declared on page 89.

Mr. THOMAS of Idaho. Mr. President, the Senator is quite right about that, and we should take up the amendment on page 89 first.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I would want to offer an amendment to that provision.

The VICE PRESIDENT. If there be no objection, the Secretary will report the amendment on page 89.

The LEGISLATIVE CLERK. On page 89, after line 3, insert:

(4) Percentage depletion for metal mines and sulphur: The allowance for depletion shall be, in the case of metal mines, 15 per cent, and, in the case of sulphur mines or deposits, 23 per cent, of the gross income from the property during the taxable year. Such allowance shall not exceed 50 per cent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance for the taxable year 1932 or 1933 be less than it would be if computed without reference to this paragraph. A taxpayer making return for the taxable year 1933 shall state in such return, as to each property (or, if he first makes return in respect of a property for any taxable year after the taxable year 1933, then in such first return), whether he elects to have the depletion allowance for such property for succeeding taxable years computed with or without reference to percentage depletion. The depletion allowance in respect of such property for all succeeding taxable years shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for succeeding taxable years shall be computed without reference to percentage depletion.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. SMOOT. I send to the desk an amendment to the committee amendment.

The VICE PRESIDENT. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. On page 90, at the end of line 3, the Senator from Utah proposes to insert:

During the period for which property acquired after December 31, 1933, is held by the taxpayer—

(A) If the basis of the property in the hands of the taxpayer is, under section 113 (a), determined by reference to the basis in the hands of the transferor, donor, or grantor, then the depletion allowance in respect of the property shall be computed with or without reference to percentage depletion, according to the method of computation which would have been applicable if the transferor, donor, or grantor had continued to hold the property; or

(B) If the basis of the property is, under section 113 (a), determined by reference to the basis of other property previously held by the taxpayer, then the depletion allowance in respect of the property shall be computed with or without reference to percentage depletion, according to the method of computation which would have been applicable in respect of the property previously held if the taxpayer had continued to hold such property.

Mr. SMOOT. Mr. President, the committee amendment as reported to the Senate provides for an election by the taxpayer in the case of metal and sulphur mines as to the method for computing depletion. It is provided that the method chosen at the time of the filing of the return for the taxable year 1933 shall govern in all succeeding years. The amendment as reported by the committee would seem to make it possible for the taxpayer, for example, by incorporating his holdings or reorganizing the corporation, to secure

a new election. The amendment just sent to the desk remedies this situation by providing that a new election can not be obtained in this manner.

Mr. HARRISON. Mr. President, is this a substitute which is being offered?

Mr. SMOOT. It is an amendment to the committee amendment. Mr. Beman was asked to prepare an amendment.

Mr. HARRISON. I recall that, and I recall that there was quite a controversy, that there was some difference between the Senator from Utah and the Senator from Idaho. May I ask whether the Senator from Utah and the Senator from Idaho and the Treasury Department are together on the amendment?

Mr. SMOOT. We all agree.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment on page 89, as amended.

Mr. KING. Mr. President, before this section is finally disposed of—and I shall not ask that it be disposed of this afternoon—I desire to offer an amendment dealing with depletion for coal. I am not sufficiently conversant with the character of the amendment which I desire to offer this afternoon, but I reserve the right to ask that this subject may go over, so that I may be permitted to offer an amendment providing depletion for coal.

Mr. REED. Mr. President, I would suggest that it is easy enough to insert an amendment to take care of what the Senator wants to provide for.

Mr. KING. It is easy enough, but I am not sure as to exactly what would be just and fair.

Mr. REED. What they ask is 15 per cent. I think that is high.

Mr. KING. Some objection has been made to that. Suppose I offer an amendment making it 5 per cent, and if it is deemed necessary to change it, it can be done afterwards.

Mr. REED. We might as well dispose of it now.

Mr. KING. Very well. I offer an amendment to add, on page 89, line 5, certain words. I will read line 5 as I would have it read:

The allowance for depletion shall be, in the case of coal, 5 per cent.

Then we could proceed with the provision for the metals.

Mr. REED. That would accomplish the purpose.

Mr. KING. I offer that as an amendment.

Mr. REED. I do not mean to take much time about this matter. A great many of the people in Pennsylvania are extremely anxious to see such an amendment adopted, but I can not see the justice of it. If we take an oil well, or a subterranean sulphur deposit where the mineral is brought up by steam, or a lode mine, or any mine in which the valuable mineral occurs in straggling formation, as in the zinc mines out in the Joplin district, nobody knows what the content of those mines is going to prove to be. But with a coal mine those working the mine, know exactly the thickness of the vein; they know exactly the area involved; they can make a perfectly exact computation, almost to the ton, of the mineral content of the property. They know their costs, and it is perfectly easy to divide the number of tons into the cost and find out exactly how much ought to be apportioned to each ton of coal they mine in order to accomplish enough depletion, and not too much. They can calculate to the hundredth of a cent how much they need in order to get their total capital back when the mine is mined out.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. KING. Does not the Senator think he is assuming a little too much? I know that in many regions there are faults in the region of the coal mines, so that the mines may be cut off, and in many instances, though the surface indications or the early workings indicate, for instance, a vein of 5 to 7 feet, as they proceed into the mountain the vein narrows, and oftentimes pinches out, so that it is impossible,



except by very extensive drillings, to determine exactly the tonnage on the claim.

Mr. REED. No sane man ever goes into an elaborate coal-mining venture without drilling to determine the extent and the thickness of his deposit. I never could see, much as I wanted to, that there was the same reason for giving a coal man percentage depletion that exists in the case of fugitive minerals, like oil and gas, or the wholly uncertain things, like gold and zinc and metals of that sort.

Mr. GLENN. Mr. President, there may be something in what the Senator from Pennsylvania says, and I think there is, but he proceeds upon the theory that sooner or later all the coal in the tract will be mined.

Mr. REED. With a reasonable allowance for pillars, of course.

Mr. GLENN. That is not at all true under present conditions. In Illinois, and I think the same is true in the State of the Senator from Pennsylvania and other coal-mining States, while in many tracts some coal has been taken out, operations have entirely ceased for many years, and we can not proceed upon the theory that sooner or later all the coal will be exhausted and mined.

Mr. REED. But all depletion is calculated on the basis of the total recoverable literal content of the property. We should not proceed on any other basis.

Mr. GLENN. It seems to me there is not a great deal of distinction between many varieties of metal mining and coal mining. There is no industry I know of that is more desperately situated now, that is in a worse condition, than the coal-mining industry. It seems to me there is no good basis for making this extreme distinction between the various kinds of mining. We are very liberal in granting depletion allowances on all sorts of mining, but when we come to coal, which is so desperately situated, involving so many people, not only the operators but the miners themselves, we make a very substantial distinction.

I think the amendment of the Senator from Utah is well taken. We reduce it then two-thirds as compared to metal and sulphur mining of all kinds. We reduce the depletion allowance 66⅔ per cent, and it does seem to me with that great allowance the amendment should be adopted.

The PRESIDENT pro tempore. The Chair understands the situation to be that the amendment is to be passed over, but with the amendment offered by the junior Senator from Utah pending. Is that correct?

Mr. REED. No; I understood we were to settle it now.

The PRESIDENT pro tempore. Very well. The question is on agreeing to the amendment proposed by the Senator from Utah to the amendment of the committee.

Mr. HATFIELD. Let us have the amendment stated.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 89, line 5, after the word "be," insert "in the case of coal, 5 per cent," so as to read:

The allowance for depletion shall be, in the case of coal, 5 per cent.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah to the amendment of the committee. [Putting the question.] The Chair is in doubt.

On a division, the amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. REED. I suppose it is appropriate to correct the title of the section, and in that case I move to insert in line 4, before the word "metal," the words "coal and," so as to make the title read:

Percentage depletion for coal and metal mines and sulphur.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. SMOOT. On page 85 there was an amendment passed over which may be agreed to at this time.

The PRESIDENT pro tempore. Let the amendment be stated.

The amendment on page 84 was to strike out lines 20 to 24, and on page 85 to strike out lines 1 and 2 in the following words:

(B) in respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion (computed without regard to discovery value or percentage depletion), to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws.

And to insert in lieu thereof:

(B) in respect of any period since February 28, 1913, for exhaustion, wear and tear, obsolescence, amortization, and depletion, to the extent allowed (but not less than the amount allowable) under this act or prior income tax laws. Where for any taxable year prior to the taxable year 1932 the depletion allowance was based on discovery value or a percentage of income, then the adjustment for depletion for such year shall be based on the depletion which would have been allowable for such year if computed without reference to discovery value or a percentage of income.

The amendment was agreed to.

Mr. SMOOT. On page 87, in line 19, the committee amendment there proposed should be amended by inserting before the word "metal," the word "coal," so as to read:

Other than coal, metal, or sulphur mines.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. SMOOT. On page 88, lines 18 and 19, the committee has proposed to strike out the word "sulphur" in each line. That amendment may be agreed to at this time.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. SMOOT. The amendment on page 16, lines 10 to 16, was passed over at the request of the junior Senator from Oklahoma [Mr. GORE], who is not present.

The PRESIDENT pro tempore. The Chair understood that amendment was to go over until Friday at the request of the Senator from Oklahoma.

Mr. SMOOT. That is true.

The PRESIDENT pro tempore. What is the purpose of the Senator in charge of the bill?

Mr. SMOOT. There is an amendment on page 239 which may be agreed to.

The PRESIDENT pro tempore. Let the amendment be stated.

The CHIEF CLERK. On page 239, line 9, in the title, strike out the word "tax" and insert the word "taxes," so as to read:

Manufacturers' excise taxes.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. HARRISON. Mr. President, I want to make an observation at this time. Before the quorum was called a little while ago and we agreed to this part of the bill, I had hoped that the proponents of the general sales tax would offer their amendment at this place. Those of us who went through the hectic trials and tribulations of the Finance Committee in considering the bill know that there were various influences which worked upon certain votes in the committee. Senators were perfectly honest about it. Senators were very candid about it. There were members of the committee who always entertained the hope that they might be able to write a general sales-tax provision in the bill and forego the unpleasant task of having to write the various miscellaneous taxes on sundry items.

Senators voted against those items as they came up in the hope that finally we would adopt the sales tax, but knowing if we got the matter in such a confused state as to drive out of the bill enough of those items carrying sufficient revenue that we could not balance the Budget in any other way, and then other members of the committee might come to their way of thinking and vote for a general sales tax. I see Senators in front of me who voted to reduce this item and that item, and to eliminate other items, and force upon others of us the unpleasant task of voting a tax on candies and admissions and automobiles and everything else because we were desirous of balancing the Budget.



They were just as desirous of balancing the Budget as we, but they wanted to do it by their method, and that is why we went up the hill and down the hill and got into such a confused condition in the Finance Committee.

If we had had in the very beginning of the Finance Committee's consideration of the bill a vote as to whether or not we were going to recommend the adoption of a sales tax, we would have avoided much of that confusion; but we were not able to get the committee to take that kind of action. Only in the final days of the committee hearings and consideration of the bill did we take that action.

We are liable to get into the same predicament here in the consideration of the bill, which would be very bad. We are going along nicely in the consideration of the bill now, but if we strike from the bill the taxes on admissions or automobiles or similar items and thus create a deficit of \$50,000,000 or \$75,000,000 or \$100,000,000 in the needed revenue, then we will have to retrace our steps, reconsider some other proposition, and then either accept a sales tax or go to the normal taxes on dividends or increase perhaps the surtaxes.

In other words, if we strike these items from the bill we have to get the revenue from some other source. The orderly thing to do is to vote the excise taxes on these special items as recommended by the committee, unpleasant as it was, in order to forego and forestall the confusion that would inevitably come to the Senate if we created deficits which we would have to make up by tapping some other reservoir to get the needed revenue.

I cite that condition at this time. I think it would be the wise plan for us to vote either up or down at this time the sales-tax provision; but the proponents of that plan in conferring with us state they are not now ready to do it. Of course, I can not understand why anyone who is in favor of a general sales tax is not now able to offer his proposal. The matter was before the House for a long, long time. It has been discussed in the press of the country. If the sentiment of the Senate is to adopt a general sales tax, that is all right, and then that matter would be behind us and we would have concluded our efforts more quickly than we thought we would be able to do, and the voice of the Senate could be accepted as its best judgment.

But let us not create a situation by holding out some hope that if Senators will vote against this item, they will at least appease some of the wrath of their constituents who are protesting against that particular item, in the belief or hope that they can vote for something else at some other time. Let us all meet the issue squarely and as the items come along. I sincerely hope a majority of the committee will voice approval of the Finance Committee that gave days and days of work to the matter and accepted it, not because we wanted it but because the responsibility rested upon us.

Mr. COUZENS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. HARRISON. Certainly.

Mr. COUZENS. The Senator is entirely too brilliant a legislator and statesman not to understand what the reason is for not bringing up the sales tax at this time. The Senator knows there are two forces in the Senate, one working for an increased income tax and the other for a sales tax. I assume both sides expect to win after the Senate has eliminated many of these nuisance taxes.

Mr. HARRISON. Yes; that is the picture. Those of us who want to go along in an orderly way and balance the Budget and get the matter cleared up are going to be confronted with gentlemen like the Senator from Michigan, who want to put on the higher rates. He is going to vote against these items, thinking, perhaps, he can get his plan through by following that method. Others who want the general sales tax are going to vote against these items and say to their constituents, "I voted against the nuisance taxes, I voted against the automobile tax," and they will do that because they want to get the general sales tax.

Those of us who are trying to write a bill according to precedents as they have gone along before in putting taxes on the so-called luxuries are to be ground down and confusion created in this body.

Mr. BARKLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Kentucky?

Mr. HARRISON. Certainly.

Mr. BARKLEY. If I gather the Senator's meaning, it is that having had a show-down on the income-tax feature of the bill, which was more or less linked up with the desire to eliminate some of the nuisance taxes, the Senator thinks we likewise ought to have a show-down on the sales tax. I agree with the Senator, and I think it is a matter of credit that the Senator, who has sought to increase the income taxes, should be willing to have a show-down in the beginning so we might know how to proceed. I think it might be well, not only in the interest of expedition but in the interest of fairness to determine first of all whether the Senate is in favor of a sales tax, and then we would know how to proceed from that point.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Mississippi yield to the Senator from Pennsylvania?

Mr. HARRISON. I yield.

Mr. REED. I should like to suggest to the Senator from Kentucky that he must not put too much of his boyish trust in the proponents of the high income taxes—

Mr. BARKLEY. I thank the Senator for his youthful expression with reference to me.

Mr. REED. Because they have all reserved motions to reconsider. The advocates of the very high income-tax rates are following the same policy as the advocates of the sales tax apparently are, because they have entered motions to reconsider, and they are waiting for all the nuisance taxes to be knocked out in order then to move to reconsider.

Mr. BARKLEY. The same legislative precaution could be taken by those interested in the sales tax by reserving a motion to reconsider.

Mr. REED. That is true, but I imagine that the proponents of the sales tax are trying to save the time of the Senate and not vote twice on the same question.

Mr. BARKLEY. Does the Senator feel that if we vote now, we will not vote again on the question?

Mr. MOSES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from New Hampshire?

Mr. HARRISON. I yield.

Mr. MOSES. I wish to say that it is always difficult for me to resist the blandishments of the Senator from Mississippi.

Mr. HARRISON. I thank the Senator.

Mr. MOSES. And especially when, with his usual suavity, he appeals for orderly procedure. But the Senator from Michigan, with his customary candor, has stated the fact that there are two schools of opinion here in the Senate with reference to this tax bill, and I assume that the leaders of neither school intend to take their marching orders from the leaders of the other school. While it is agreeable to see the Senator from Mississippi exerting all his high talents as an actor in trying to persuade some of us to a course of action which he should like to have us pursue, and which we have no intention of pursuing, I must say to him that we probably will follow our own course, exactly as the Senator from Mississippi has followed his.

The fact is that they did have their troubles in the committee. Due, I will not say to a breach of tradition, but, at any rate, to some infraction of tradition, we have learned here what took place in the executive sessions of the committee; we know that it resulted in confusion. We would have known that, Mr. President, if we had not had these revelations of what took place behind the closed doors of the committee, because the bill itself shows the confusion into which the committee was thrown. The inconsistencies,



the incoherencies, the inequalities of the excise taxes levied in this bill are proof of the confusion into which the committee was thrown.

Now, the Senator from Mississippi wishes to obviate confusion of that sort in a wider measure here in the Senate, but he knows that the human nature of the Senate, as a whole, is in no sense different from the human nature of the Finance Committee. Accordingly, I plead with him for an orderly procedure, and let us go along as humans representing various interests, various sections, all having, as the Senator from Mississippi has said, the one purpose of "balancing the Budget."

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I will yield in a moment.

Of course the Senator from Mississippi has no desire to influence anyone unduly. I was merely making these observations because of the experience through which the Finance Committee passed. I believe very sincerely that if we hold out these two hopes, we are going to find ourselves in a very confused state. I had hoped that my feeble remarks might appeal to the Senator from New Hampshire, at least, and that he would stand with us on this proposition.

Mr. MOSES. The Senator's appeal has touched me greatly.

Mr. HARRISON. I know that there may be inconsistencies in the excise taxes, but the Senator is a very practical man; there is no more practical legislator or politician in this body than is the Senator from New Hampshire.

Mr. MOSES. Or than is the Senator from Mississippi.

Mr. HARRISON. I wish I were as practical as the Senator from New Hampshire. He knows what is going on, and he knows that the sales tax in the House of Representatives was defeated on one roll call by 70 votes and on another by about 75 votes. I took it upon myself to go over there and talk to some of the Members who were interested in that matter and for whose judgment and opinion I have great respect. If the Senator would do likewise, he would come to the conclusion that it is impossible to put over a sales tax in the House of Representatives.

Mr. REED. Mr. President, will the Senator yield?

Mr. HARRISON. I know the Senator from Pennsylvania has an impression that leads him to the contrary view, but after talking with gentlemen over there who, I think, know what is going on, I feel that it would never get through that body. If the sales tax were passed here, it would have to go to conference, and we would be in a very bad position in conference with reference to the matter.

Mr. MOSES. Mr. President, if the Senator from Mississippi will permit me, what he has said constitutes no reason why those of us who have earnest convictions on the subject of taxation should desist in our efforts to bring about a system of taxation which we know will be productive, which we know will be equitable, which we know will be easy to administer.

Mr. HARRISON. May I ask the Senator if, when the question comes on the taxes on wort, admissions, and automobiles, he is going to vote against those excise taxes?

Mr. MOSES. In my New England puritanical innocence I know nothing about wort.

Mr. HARRISON. Neither do I.

Mr. MOSES. I will have to take my information about that from experts on the committee or have to learn what they did behind closed doors; probably there will be some discussion here about that, but I can assure the Senator that I shall vote my convictions on each one of the items referred to. I should say to the Senator further that which he already knows, that I am of that school of opinion in the Senate which believes in the sales tax and which does not believe that the House of Representatives, in its present chastened mood, would now reject it.

Mr. HARRISON. The Senator has believed in a sales tax for some time?

Mr. MOSES. I was for it in 1921 when the revenue bill was passed at that time.

Mr. HARRISON. Yes. Now I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, perhaps I may have a chance to bring myself back into good party councils. As I understand, the Senator from Mississippi is opposed to the idea of voting to adopt the general sales tax?

Mr. HARRISON. Oh, yes.

Mr. LONG. And if these special excise taxes are stricken out, his opinion is that the House of Representatives would not accept the sales tax anyway?

Mr. HARRISON. In view of the fact that they voted by 70 votes on one occasion and 75 on another against it, I do not believe they will accept it at all.

Mr. LONG. That would therefore throw upon us the alternative, practically, of taking either the Connally amendment or the Couzens amendment?

Mr. HARRISON. We have got to have some reservoir by which to balance the Budget if we vote out the various excise taxes.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. BARKLEY. Regardless of the position of the House of Representatives, is there any assurance that a majority of the Senate is in favor of the sales tax?

Mr. HARRISON. I do not think a majority of the Senate favors the sales tax, but I think it would be very much better if we could settle that question now.

Mr. BARKLEY. I agree with the Senator; but the suggestion was made a while ago on the other side, in view of the motions to reconsider already made on the income-tax sections, that we might lose time if it should turn out that, in the hope either of obtaining a sales tax or on account of specific objections to some of the excise taxes, a number of them should be voted out, and then, if later the Senate should refuse to vote in the sales tax, we might have to go back and reconsider some of our votes by which the excise taxes were eliminated.

Mr. HARRISON. Absolutely; and I think it is going to compel some Senators to enter motions to reconsider votes taken on the excise taxes, just as other Senators have entered motions to reconsider the income-tax provision.

Mr. BARKLEY. Precisely.

Mr. WALSH of Massachusetts. Mr. President, this bill at this stage is in the control of the Finance Committee; they have reported a tax bill based upon the theory that most of the revenue needed for the expenses of the Government should be collected from incomes of individuals, corporations, estate, and gift taxes. The committee decided that the remainder necessary to balance the Budget should be collected from taxes levied as excise taxes on certain manufactured articles, miscellaneous taxes, admission taxes, and various kinds of stamp taxes. It seems to me we should proceed, as we did in the committee, to give consideration to the House bill as modified and changed by the Finance Committee. By a majority the committee has decided to report this form of a revenue bill.

Mr. President, a manufacturers' excise tax is based upon the belief that taxes levied upon several special manufactured articles alleged to be luxuries, such as automobiles, upon checks, and upon admissions, place an undue burden upon particular industries, are discriminatory and inequitable, and that the fairest and best way of handling the question of collecting revenue from manufactured articles is by a light tax spread over all articles rather than picking out certain particular industries and placing a tax upon their special products bearing from 10 per cent to, in the case of automobiles, 4 per cent.

We can not present a general manufacturers' excise tax as a substitute for the special nuisance taxes levied in this bill until we know what particular nuisance and special manufacturers' articles shall finally be incorporated in the bill. How can we present such an amendment until we



know whether or not the Senate finally decides to raise all the needed revenue through income taxes?

If that happens, there is no occasion to present a general manufacturers' excise tax. It is only upon the theory that nuisance taxes that are objectionable are incorporated in the bill at an unfair rate, to the injury of certain taxed industries, that I propose to suggest a general manufacturers' excise tax, which will be light and evenly distributed. I have no desire to ask the Government to collect revenue through a manufacturers' excise tax, except upon the basis that it is unfair, that it is most burdensome if not destructive to certain specified industries, to pick out particular articles which they produce and levy very high taxes upon them at this particular period of economic depression.

So, Mr. President, it seems to me that the proper time to present a manufacturers' excise tax amendment is after the committee's bill has been discussed and acted upon. I think the Senator from Mississippi has a right to assume the same attention to and consideration of the committee amendments by the Senate that was given by the members of the committee to the House provisions of the bill. As one member of the committee, I voted upon the so-called nuisance taxes upon the theory that they were in the House bill and likely to be incorporated in the Senate bill. I think every Member of the Senate will decide as each one of these amendments shall be reached what he ought to do in conscience after hearing all the arguments, pro and con, in favor of the various proposals.

Mr. KING. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. KING. I was called out for a moment and did not hear the beginning of the Senator's statement. It occurs to me, however, that the vote of many Senators in respect to the excise taxes will depend upon whether or not we are to have a sales tax. If there is to be a sales tax, and that were understood, many would vote against the excise taxes who in the absence of a sales tax will feel constrained to vote for those taxes.

Mr. WALSH of Massachusetts. That was not the course of the committee. The Senator knows that.

For instance, I voted for practically every one of these nuisance taxes, as the Senator knows, on the theory that this was the House bill, and we ought to go along as far as we could in perfecting it and making some of the rates as equitable as possible. Practically every other member of the committee follows the same course. The Senator from Wisconsin [Mr. LA FOLLETTE] voted for most of these nuisance taxes, though he believed that the money ought to be raised through increasing the income taxes in the bill.

I do not think the Senate has a right to assume that the Members of the Senate will not pass upon the merits of each one of these amendments in the manufacturers' excise-tax sections and under the miscellaneous taxes provisions except in a cooperative spirit.

Mr. KING. Mr. President, of course I can speak only for myself; but I know that if I were sure that a sales-tax provision would be incorporated in this bill I should not vote for these high rates upon amusements, for instance, and the high rates of excise tax upon automobiles. But, assuming that there will be no sales tax, I shall feel constrained to vote as we proceed for certain excise taxes that I reluctantly will vote for but do so only because I see no other alternative.

Mr. WALSH of Massachusetts. That was the course we had to pursue in the committee.

Now, Mr. President, let me say something about the difficulty of drafting an amendment on this subject. It is practically another bill. I was unable to get the experts from the Treasury Department until after they had finished working for the committee as a whole and preparing the report and preparing the bill. It is impossible to determine what rate will be fixed as a general manufacturers' sales tax until it is known what taxes should be eliminated from the bill, and it is impossible to know what is to be eliminated from the bill until action is taken by the Senate

on various items in it, including the admission taxes, the special articles tax, and the tariff items on oil, coal, lumber, and copper.

It seems to me the orderly procedure is to go ahead with the bill as the Finance Committee has prepared it and vote upon these various amendments. After the amendments are disposed of, and after the motion of the Senator from Michigan [Mr. COUZENS] is disposed of, wherein he seeks to have another vote upon the larger income taxes, we can then decide as a final proposition whether we shall eliminate from the bill all of the so-called burdensome nuisance taxes and substitute a general manufacturers' excise tax of a small percentage conditioned as an emergency measure and limited to two years in operation.

Mr. President, I hope the Senate will proceed with the recommendations and amendments of the committee.

The PRESIDING OFFICER. The clerk will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 239, line 14, after the name "United States," to insert "unless treaty provisions of the United States otherwise provide," so as to read:

#### SEC. 601. EXCISE TAXES ON CERTAIN ARTICLES

(a) In addition to any other tax or duty imposed by law, there shall be imposed a tax as provided in subsection (c) on every article imported into the United States unless treaty provisions of the United States otherwise provide.

The amendment was agreed to.

The next amendment was, on page 240, line 16, after the designation "subsection (c)," to strike out "(4)" and insert "(4), (5), (6), (7), or (8)," so as to read:

(4) No drawback of such tax (except tax paid upon the importation of an article described in subsection (c) (4), (5), (6), (7), or (8)) shall be allowed under section 313 (a), (b), or (f) of the tariff act of 1930 or any provision of law allowing a drawback of customs duties on articles manufactured or produced with the use of duty-paid materials.

The amendment was agreed to.

The next amendment was, on page 240, line 22, after the word "law," to strike out "or treaty"; and in line 24, after the name "United States," to strike out "or of any country," so as to read:

(5) Such tax shall be imposed in full notwithstanding any provision of law granting exemption from or reduction of duties to products of any possession of the United States.

The amendment was agreed to.

The next amendment was, on page 241, line 6, after the word "oils," to strike out "of the grades designated (at the time of the enactment of this act) by Society of Automotive Engineers viscosity numbers 20 to 70, inclusive," so as to read:

(c) There is hereby imposed upon the following articles sold in the United States by the manufacturer or producer, or imported into the United States, a tax at the rates hereinafter set forth, to be paid by the manufacturer, producer, or importer:

(1) Lubricating oils, 4 cents a gallon.

The amendment was agreed to.

Mr. WALSH of Massachusetts. Mr. President, I understand that the Senator from Texas [Mr. CONNALLY] desires to offer an amendment to this paragraph.

I think attention ought to be called to the fact that this amendment makes a substantial change in the House provision. The rate in the House bill was 4 cents per gallon. It is reported by the committee at 4 cents per gallon, but the House bill contained an exception that was of very great importance. It excepted lubricating oils used in the industry.

The proposed tax, however, covers all lubricating oils except those that are very thin and fluid and those that are very thick or viscous. It is impossible to separate those oils which might go into automobiles, because when the manufacturer makes an oil he has no idea where it may be used.

The principal class of lubricating oils used by the manufacturers are known as engine and machine oils. These are sold, delivered to the manufacturing plant, at from 12 to 18 cents per gallon in drums and from 9 to 14 cents in tank



cars. Assuming an average of 16 cents in drums and 12 cents in tank cars, this 4-cent tax amounts to 25 to 33 per cent of the cost of the oil to the purchaser.

In addition, our manufacturing plants use considerable quantities of lubricating oil known as black oil. This product costs the manufacturer, delivered, from 7 to 9 cents a gallon in drums—average price about 8 cents. This proposed tax is 50 per cent of the sales price delivered. Lubricating oil to a manufacturing plant is not a luxury. The plant simply can not run without it.

Undoubtedly the particular oil that it was sought to reach by this tax was the oil that is used in automobiles; and that, I understand, sells at wholesale for about a dollar a gallon. So we have here, in the very first item involving manufacturers' excise taxes, an attempt to place a duty of 4 cents a gallon upon oil that costs 8 cents a gallon and the same duty upon oil that costs a dollar a gallon. Such a destructive and injurious rate ought not be levied upon the industries of the country.

The House rejected a manufacturers' sales tax of  $2\frac{1}{4}$  per cent. This lubricating-oil tax constitutes a direct sales tax of from 25 to 50 per cent.

Mr. CONNALLY. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Texas will be stated.

The CHIEF CLERK. On page 241, line 9, it is proposed to strike out "4 cents" and insert "2 cents," and to strike out, after the word "gallon," all of the balance of the line and lines 10 and 11.

Mr. CONNALLY obtained the floor.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. REED. That would have the effect of putting a duty of 6 cents a gallon on imported lubricating oil. The tax in this paragraph would be added to the tax on page 243. Is that the Senator's intention?

Mr. CONNALLY. My intention is to tax the domestic oil at a less rate than the imported oil.

Mr. REED. To tax domestic oil 2 cents and imported oil 6 cents?

Mr. CONNALLY. That is right.

Mr. REED. I see.

Mr. CONNALLY. Mr. President, my purpose in offering this amendment is that the tax of 4 cents a gallon was levied by the committee to take the place of the import tax on page 243. To do that would simply tax the domestic oil the same as the imported oil. The purpose of this amendment is to tax domestic lubricating oil 2 cents a gallon, and the imported oil will be cared for, when we reach that, at 4 cents. It is perfectly fair that the manufacturers of the oil should have a differential; so the purpose of this amendment is to equalize the matter and give them a proper differential.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Texas.

Mr. SMOOT. Mr. President, I desire to call the attention of the Senate to the fact that with that change we would lose \$17,500,000. If the amendment now offered by the Senator from Texas is agreed to, we shall have to look somewhere else for \$17,500,000.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. WALSH of Massachusetts. Of course, the Senator's objection does not meet the objection that I made at all.

Mr. SMOOT. No.

Mr. WALSH of Massachusetts. It is on a different line. How does the Senator feel about the objection I made to this amendment—that it places a tax of 4 cents a gallon on lubricating oil that sells at wholesale at 8 cents and a tax of 4 cents a gallon on lubricating oil that sells at wholesale at a dollar? Can that be defended?

Mr. SMOOT. That is taken care of, I suppose, in the House provision where it designates certain grades.

Mr. WALSH of Massachusetts. Then we should accept the House provision and reject the Senate amendment, of course. Does the Senator agree to that?

Mr. SMOOT. Really I do not think we would get any revenue if we did that.

Mr. WALSH of Massachusetts. I am glad the inequality and inconsistency of this method of imposing a special sales tax are so apparent at such an early stage of the discussion of the nuisance taxes.

Mr. BARKLEY. Mr. President, if the Senator will yield, there is no difference between the rate fixed by the House and the rate fixed by the Senate committee. The only difference is that under the House language a tax of 4 cents per gallon is levied upon oil according to the Society of Automotive Engineers' viscosity numbers 20 to 70. All other oils are not taxed at all.

Mr. WALSH of Massachusetts. Under the House provision?

Mr. BARKLEY. Yes.

Mr. WALSH of Massachusetts. That is, oil used in industry is not taxed under the House provision?

Mr. BARKLEY. I am not so sure about that.

Mr. WALSH of Massachusetts. I am informed that that is the fact.

Mr. BARKLEY. I am not an expert on that subject.

Mr. WALSH of Massachusetts. The Senator is correct in stating that the House rate was not 2 cents, as I stated before; but at one time the committee voted to make the rate 2 cents and later changed to 4 cents, the same as the House rate.

Mr. BARKLEY. The practical difference between the House and the Senate provisions is that the Senate amendment taxes all lubricating oils at 4 cents per gallon, while the House limits its 4 cents per gallon to the oils specified.

Mr. WALSH of Massachusetts. I do not think the Senate committee had in mind that there was such a great and wide disparity in the prices of oil as 8 cents a gallon and a dollar a gallon.

Mr. SMOOT. It was brought to the attention of the committee by the industry that under the House provision they could mix the oil and get it in at a lower rate, or else it would come in free.

Mr. REED. Yes, Mr. President; if a man went to a filling station to buy a quart of lubricating oil within this taxable range, the whole tax could be defeated by taking a pint of heavy oil and a pint of very light oil and pouring them successively in the crank-case; and then you have a quart, which, combined, is within this tax range, but you get it without being taxed.

That is why we struck out those words in the House provision. The net result of that was that we are putting a tax of 4 cents a gallon on lubricant that is little better than axle-grease; and, as the Senator from Massachusetts has pointed out, we who gagged at a sales tax of 1 per cent have managed to put a sales tax of 66 per cent on this particular type of oil used in industry. It is just one of a thousand paradoxes that arise out of the refusal to treat impartially all the manufacturers of the country.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

Mr. REED. I yield.

Mr. TYDINGS. The Senator said the oil was used in industry. I concede that; but it is also used in the operation of all machines.

Mr. REED. Yes; machinery is used in industry.

Mr. TYDINGS. What I meant to say is that it would be used on the farm.

Mr. REED. I consider farming an industry. Of course, everywhere a wheel turns a lubricant is necessary.

Mr. TYDINGS. I think the Senator meant to cover all industry.

Mr. REED. I did; yes.

Mr. TYDINGS. But I thought perhaps it would be interpreted as referring to industrial establishments only. Every man who drives a truck or a tractor on the farm would pay this tax unless he blended the two oils.



Mr. REED. Every wagon that moves on the road, every Ford that travels, every farm machine, every threshing or harvesting machine, everything down to a dollar watch, uses lubricant.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Texas to strike out "4" and insert "2."

The amendment was rejected.

The reading of the bill was resumed.

The next amendment of the Committee on Finance was, on page 241, line 9, after the word "gallon," to insert a semicolon and the words "but the tax on the articles described in this paragraph shall not apply with respect to the importation of such articles."

Mr. CONNALLY. Mr. President, I think that amendment should be voted down.

Mr. WALSH of Massachusetts. That is right.

Mr. CONNALLY. Otherwise if it is not voted down we shall tax all lubricants the same, whether they are imported or whether they are not imported, which is not right.

Mr. SMOOT. If that were done we would have a rate of 4 cents a gallon on domestic oil and 8 cents a gallon on imported oil, and that is hardly fair.

Mr. CONNALLY. We can remedy that when we get to it. I do not think there ought to be a differential of more than 2 cents.

Mr. SMOOT. No; that is a differential of 4 cents.

Mr. CONNALLY. If we do not do that, we will tax domestic oil and imported oil at the same rate.

Mr. BARKLEY. That is what the bill provides for. This language simply means that the tax levied on the next page shall not apply to the oils in this paragraph. Otherwise, we will have two taxes on imported oil, one on page 241 and one on page 243, each 4 cents, making a total of 8 cents.

Mr. CONNALLY. I understand; but I do not think there ought to be a differential of more than 2 cents.

Mr. REED. Mr. President, if I may offer a suggestion, I think the shipshape way to fix it is to let this stand as it is, and then impose a single tax of 6 cents under paragraph (4), instead of having two taxes on the same article.

Mr. SMOOT. That is what I was going to suggest.

Mr. CONNALLY. That will attain the same result, of course.

Mr. REED. I should like to say, further, that I have no recollection of the committee acting on this amendment in italics in lines 9 to 11, page 241.

The PRESIDING OFFICER. That is the pending amendment.

Mr. REED. Mr. Beaman advises me that that was done at the time the committee made the tax 2 cents, and then there was a differential. But now it is rather inappropriate, with the tax 4 cents on both domestic and imported. If we raise the tax on the imported to 6 cents, on page 243, then this italicized language is entirely appropriate.

Mr. CONNALLY. Suppose we withhold the italicized language until after we act on the tariff schedule. If I may have the attention of the Senator from Pennsylvania, I suggest that we lay this aside until we get to the tariff items.

Mr. REED. Let us agree to it, and immediately enter a motion to reconsider. That will give us the same right.

Mr. CONNALLY. The point I make is that this is wholly useless, that it serves no useful purpose.

Mr. REED. Oh, yes; it does.

Mr. CONNALLY. The tariff rate will be determined in the other section, anyway. My point is that we should not differentiate between the imported and the domestic articles. We are going to impose an excise tax of 4 cents on all of them, regardless of whether there is a tariff duty or not.

Mr. SMOOT. If those words go out, the oil could be mixed here, and it would be only about 2 cents a gallon.

Mr. REED. I suggest that we let this be adopted and enter a motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CONNALLY. I enter a motion to reconsider.

The PRESIDING OFFICER. That motion will be entered.

Mr. TYDINGS. Mr. President, is it necessary for each Senator who may want to have a reconsideration of the vote on an amendment to enter a motion?

The PRESIDING OFFICER. The entering of the motion is sufficient to keep the right alive.

Mr. TYDINGS. My question is whether the motion may be utilized by another Senator who did not actually make it?

The PRESIDING OFFICER. Yes; it can be. The clerk will report the next amendment.

The CHIEF CLERK. On page 241 the committee proposes to strike out lines 12 to 19, as follows:

(2) Brewer's wort, liquid malt, malt sirup, and malt extract, fluid, solid, or condensed (unless sold to a baker for use in baking or to a manufacturer of malted milk or medicinal products for use in the manufacture of such products), if containing less than 15 per cent of solids by weight, 5 cents a gallon; if containing 15 per cent or more of solids by weight, 35 cents a gallon.

And to insert in lieu thereof the following:

(2) Brewer's wort, 15 cents a gallon. Liquid malt, malt sirup, and malt extract, fluid, solid, or condensed, made from malted cereal grains in whole or in part, unless sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products, foods, cereal beverages, or textiles, for use in the manufacture or production of such products, 3 cents a pound. For the purposes of this paragraph liquid malt containing less than 15 per cent of solids by weight shall be taxable as brewer's wort.

Mr. COPELAND obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Connecticut [Mr. BINGHAM] is interested in this item.

The PRESIDING OFFICER. Does the Senator from New York yield?

Mr. WALSH of Massachusetts. I was going to suggest the absence of a quorum, in order that the Senator from Connecticut, who is much interested in this item, may be present.

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Austin	Couzens	Keyes	Sheppard
Bailey	Davis	King	Shipstead
Bankhead	Dickinson	La Follette	Shortridge
Barkley	Dill	Lewis	Smith
Bingham	Fess	Logan	Smoot
Blaine	Fletcher	Long	Steiwer
Bratton	Frazier	McGill	Stephens
Brookhart	George	McNary	Thomas, Idaho
Broussard	Goldsborough	Metcalf	Thomas, Okla.
Bulkeley	Hale	Moses	Townsend
Bulow	Harrison	Neely	Tydings
Capper	Hastings	Norris	Vandenberg
Caraway	Hatfield	Nye	Wagner
Carey	Hayden	Oddie	Walcott
Cohen	Hebert	Patterson	Walsh, Mass.
Connally	Hull	Pittman	Watson
Coolidge	Johnson	Reed	Wheeler
Copeland	Jones	Robinson, Ark.	
Costigan	Kendrick	Robinson, Ind.	

The PRESIDING OFFICER. Seventy-four Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Maryland?

Mr. COPELAND. For what purpose?

Mr. TYDINGS. I just wanted to inquire whether the amendment on page 241, paragraph 2, is now before the Senate.

The PRESIDING OFFICER. That amendment is before the Senate.

Mr. TYDINGS. I would like to offer an amendment in the nature of a substitute for the amendment.

The PRESIDING OFFICER. Does the Senator from New York yield for that purpose?

Mr. COPELAND. Mr. President, will the Senator not defer just a moment?



Mr. TYDINGS. I just want to offer the amendment, and then will surrender the floor.

Mr. COPELAND. Very well.

Mr. TYDINGS. I offer an amendment to strike out, on page 241, beginning with line 20, all the remainder of the page, down to and including the word "wort" on line 5, page 242, and to insert in lieu thereof the amendment which I send to the desk.

Mr. SMOOT. Does the Senator want it read?

Mr. TYDINGS. The Senator from New York yielded to me to offer the amendment, and I do not want to take him off the floor to have the amendment read.

Mr. SMOOT. Will not the Senator from New York yield so that the amendment may be read? I would like to hear what it is the Senator from Maryland is offering.

Mr. COPELAND. I have no objection to the amendment being read.

The PRESIDING OFFICER. The clerk will read.

The CHIEF CLERK. The Senator from Maryland offers the following amendment: Insert at the proper place in the bill the following:

**TITLE —, EMERGENCY CONSTRUCTION ACT OF 1932**

SEC. —. (a) There is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury as hereinafter provided. For the purpose of providing funds to carry out the provisions of this title the Secretary of the Treasury is authorized and directed to borrow on the credit of the United States a sum not to exceed \$1,500,000,000 and to issue bonds therefor to be known as emergency construction bonds in such form as he may prescribe. Such bonds shall be in denominations of not less than \$50, shall mature in not less than 10 years from the date of their issue as hereinafter provided, and shall bear interest, payable semiannually, at such rate as may be fixed by the Secretary of the Treasury, but not to exceed 4½ per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt both as to principal and interest from all taxation (except estate and inheritance taxes and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

(b) Such bonds shall be offered at not less than par as a popular loan under such regulations, to be prescribed by the Secretary of the Treasury, as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commission shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

(c) In issuing the said bonds for said loan the Secretary of the Treasury shall issue certificates, according to what is known as the serial annuity plan, and each series as issued shall be lettered beginning with the letter "A," and so on down the alphabet until the entire amount of \$1,500,000,000 shall have been issued, so that the entire principal shall be redeemable as follows:

Series A, \$150,000,000, one year from date of issue; Series B, \$150,000,000, two years from date of issue; Series C, \$150,000,000, three years from date of issue; Series D, \$150,000,000, four years from date of issue; Series E, \$150,000,000, five years from date of issue; Series F, \$150,000,000, six years from date of issue; Series G, \$150,000,000, seven years from date of issue; Series H, \$150,000,000, eight years from date of issue; Series I, \$150,000,000, nine years from date of issue; and Series J, \$150,000,000, 10 years from date of issue.

(d) As soon after the passage of this act as may be practicable the Secretary of the Treasury shall cause said bonds to be prepared and shall advertise them for sale in such manner as he may prescribe: *Provided, however,* That in the event all of said bonds are not sold promptly upon said offering by the Secretary of the Treasury he shall again offer the bonds remaining unsold at the next earliest practicable date and make such adjustment with the purchasers of said bonds as to interest as the difference between the date of said bonds and the time of purchase shall make necessary.

(e) Said bond issue shall bear a date to be fixed by the Secretary of the Treasury and not longer than 60 days after the passage of this act.

SEC. —. (a) Notwithstanding the provisions and limitations of the national prohibition act, as amended and supplemented, it shall hereafter be lawful to manufacture, sell, transport, furnish, and possess without obtaining permits therefor (except such permits as may be required under the internal revenue laws or regulations made pursuant thereto), beer or other similar fermented liquor containing 2.75 per cent or less of alcohol by volume; but no such beer or other liquor may be sold, transported, or furnished except in bottles of pint or half-pint capacity. The provisions and limitations of section 37 of Title II of such act, as amended and supplemented, shall apply to the manufacture of such beer

or other similar liquor, except that where there is developed in such manufacture beer or other similar fermented liquor containing more than 2.75 per cent of alcohol by volume, such liquor may be withdrawn from the factory or otherwise disposed of upon the reduction of the alcoholic content thereof to 2.75 per cent by volume or less.

(b) There shall be levied, collected, and paid on all beer and other similar fermented liquor containing one-half of 1 per cent by volume, or more, of alcohol, brewed or manufactured and hereafter sold, or removed for consumption or sale, within the United States, by whatever name such liquor may be called, in lieu of all other internal-revenue taxes imposed thereon, a tax at the rate of 24 cents per gallon, to be collected under the provisions of existing law; except that (1) such tax shall be paid by means of stamps to be affixed to each bottle and canceled or destroyed under rules and regulations prescribed by the Secretary of the Treasury; and (2) the provisions of existing law prohibiting the bottling of fermented liquors on brewery premises shall not apply to beer or other similar fermented liquor manufactured under the provisions of this section.

SEC. —. All taxes levied in the preceding section shall be paid into the Treasury of the United States, and the first \$150,000,000 per annum so received, plus an amount equal to such interest as may be due on the bond issue hereinafter referred to, shall be kept in a special fund for the purpose of the payment of interest due and of redeeming said bonds in accordance with said serial plan hereinafter provided, and any amount over and above the amount required for said redemption and interest shall be paid into the Treasury of the United States as miscellaneous receipts.

SEC. —. (a) The emergency construction fund shall be used for the purpose of providing for the emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931. The following amounts are hereby appropriated from such fund: To the Department of Agriculture, \$252,314,755; to the Department of Commerce, \$3,424,582; to the Department of the Interior, \$200,843,300; to the Department of Justice, \$4,100,000; to the Department of Labor, \$71,170; to the Navy Department, \$25,109,000; to the State Department, \$1,453,520; to the Treasury Department, \$33,949,950; to the War Department, \$420,014,130; to the Architect of the Capitol, \$15,037,083; to the Arlington Memorial Bridge Commission, \$2,750,000; to the George Rogers Clark Sesquicentennial Commission, \$500,000; to the Inland Waterways Corporation, \$815,000; to the Mount Rushmore Memorial, \$350,000; to the Panama Canal, \$11,250,000; to the office of Public Buildings and Public Parks, \$1,250,000; to the Smithsonian Institution, \$6,500,000; to the Veterans' Administration, \$20,232,000; to the municipal government of the District of Columbia, \$3,535,400; and for rivers and harbors improvements, flood-control projects, and the building of additional roads, \$400,000,000.

The Secretary of the Treasury shall allocate the \$400,000,000 above mentioned to said rivers and harbors improvements, flood-control projects, and roads in such amounts as he may deem wise. All amounts to roads shall be apportioned to the Secretary of Agriculture among the several States in the manner provided by section 21 of the Federal highway act, as amended, and shall be available for expenditure on highway projects approved by the Secretary of Agriculture in the same manner, so far as practicable, as other funds appropriated for carrying out the provisions of such act, except that no part of such amounts apportioned to any State need be matched by the State.

(b) The amounts so appropriated, except the \$400,000,000 above mentioned, shall be expended on the authorized construction projects covered by the report of the Federal Employment Stabilization Board transmitted to the Senate January 25, 1932, pursuant to Senate Resolution No. 127, Seventy-second Congress, first session, agreed to January 7, 1932, and shall be made available at such times and in such amounts as may be necessary to complete such projects at the earliest practicable date. In the event that an appropriation has heretofore been made for any such project the amount thereof shall be covered into the Treasury as miscellaneous receipts.

SEC. —. This title may be cited as the "Emergency construction act of 1932."

Mr. SMOOT. Does the Senator really insist upon a vote upon this amendment?

Mr. TYDINGS. I am just as much in earnest about it as any man in this body can be about anything. I am just as sincere and earnest in my desire to have it adopted as the Senator from Utah is about the bill itself. If he wants to know whether I want to have a vote, I think that is a pretty good answer. I think it will save the country from a lot of trouble.

Mr. SMOOT. I have not any objection to a vote.

Mr. TYDINGS. This is no propaganda.

Mr. WALSH of Massachusetts. The Senator from Maryland has no purpose merely to make a speech.

Mr. TYDINGS. No; I am just as much in earnest as I can possibly be.

Mr. SMOOT. That is what I wanted to know.

Mr. BINGHAM. Mr. President, I am in entire accord with the amendment of the Senator from Maryland, and would



like to have an opportunity to vote for it. I also believe that the amendment which the committee worked out in regard to wort, which the Senator from Maryland has moved to strike out, is quite worth while because it means a considerable source of revenue and would procure much revenue.

Mr. SMOOT. It would bring in \$97,000,000.

Mr. BINGHAM. I hope the Senator from Maryland will propose to insert his amendment in another place in the bill, and not where it is now proposed in lieu of the Senate committee amendment dealing with wort.

Mr. TYDINGS. I think the proper place to insert the amendment—I did not have time to pick out the exact place previously—would be on page 239, line 12. Under the title the whole amendment would be included, under "Excise taxes on certain articles." If I may be permitted, I will modify my request to insert the amendment at this place.

Mr. SMOOT. There is no objection. I think that is the proper place for it.

Mr. WALSH of Massachusetts. So the Senator from Maryland has unanimous consent to do that?

Mr. SMOOT. I have no objection.

The PRESIDING OFFICER. The Senator from Maryland asks unanimous consent that his amendment may be offered on page 239, line 12. Is there objection? The Chair hears none, and it is so ordered.

Mr. BINGHAM. Then I understand the Senator withdraws his amendment to strike out the committee amendment relating to wort.

Mr. TYDINGS. Yes; that is correct.

The PRESIDING OFFICER. Without objection, the Senator's amendment is withdrawn as it applies to wort.

Mr. TYDINGS. In what position is my amendment now? Is it pending? Will it be taken up after wort is disposed of, or is it pending now before the Senate?

The PRESIDING OFFICER. The manner in which the Senator offered his amendment makes it the pending amendment now.

Mr. SMOOT. I understood the Senator desired merely to offer his amendment at this time, but not to have it take the place of the pending amendment relating to wort.

Mr. TYDINGS. I would be glad to do that provided that when the section on wort is disposed of then my amendment would be pending.

The PRESIDING OFFICER. The Senator from Maryland asks unanimous consent that after the disposition of the wort amendment his amendment shall be considered as pending. Is there objection? The Chair hears none, and it is so ordered.

Mr. COPELAND. Mr. President, how much does the Senator from Utah anticipate would be realized by the operation of the amendment relating to wort?

Mr. SMOOT. It would be \$97,000,000.

Mr. COPELAND. Is not the Senator rather enthusiastic about it?

Mr. SMOOT. No; I think it is an underestimate rather than an overestimate.

Mr. COPELAND. I assume that is the opinion of the Senator?

Mr. SMOOT. And it is the opinion of the department.

Mr. COPELAND. Has the Senator or the committee taken into consideration the possibilities of evasion of this tax?

Mr. SMOOT. We are taking everything into consideration that has existed in the years past. I think there is no doubt but what the sum of \$97,000,000 would be collected if the provision is accepted.

Mr. COPELAND. Would the Senator object to this provision going over and letting the Senator from Maryland go ahead with his amendment?

Mr. SMOOT. I do not think we would lose any time either way. If the Senator from New York asks it as a personal matter, so far as I am concerned, I am perfectly willing to do it, provided the amendment of the Senator from Maryland is taken up now. I want to dispose of one or the other of them now.

Mr. WALSH of Massachusetts. The Senator from Maryland is ready to take up his amendment.

Mr. COPELAND. Of course, when the Senator from Maryland succeeds in having his amendment adopted giving us the amount of revenue it involves, we shall not need this amendment relating to wort, shall we?

Mr. SMOOT. No; we would not need it.

Mr. COPELAND. I shall ask that the amendment go over, then.

Mr. SMOOT. At the request of the Senator from New York it may go over with the understanding that the amendment of the Senator from Maryland is taken up at this time.

Mr. TYDINGS. Mr. President, I do not like that very much for these reasons. I want to accommodate Senators as much as possible in the matter of my amendment, but it seems to me if we are going to tax wort, which ultimately results in beer, then the case for beer is stronger. If we are not going to tax wort, then I can understand why many Senators would not want to tax beer. If we go into the house of taxation through the back door, I want to go into the house of taxation through the front door, and let everybody know it.

Mr. SMOOT. If that is the case, on the statement made by the Senator from Maryland I think we had better proceed with the wort amendment.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. LONG. As I understand it, the proposal is to tax a commodity with which we are making household beer?

Mr. SMOOT. Not only household beer but all beer.

Mr. LONG. We are putting the beer tax in the bill. It has come around to a beer tax. That is what this is.

Mr. SMOOT. Wort is not used for other purposes than the making of beer.

Mr. LONG. We all know the Treasury would not get much tax out of it if it were not for the beer.

Mr. SMOOT. That is true.

Mr. LONG. Then there is no reason, if we are going to have the beer business, why we should not have it. Does this legalize the making of beer?

Mr. SMOOT. Not in the least.

Mr. LONG. It seems to me we ought to legalize it there with a line or two.

Mr. SMOOT. The Senator can offer an amendment of that nature if he desires.

Mr. COPELAND. Mr. President, I still hold to the desire to have this matter go over. The reason why is because the Senator from Utah made the astounding statement that he expects to get \$97,000,000 from this item. I know that is so far outside the range of possibility that I want to gather some more material on the subject. It is not humanly possible that there should be such a revenue derived from this source. I ask unanimous consent that the amendment may go over, as certain other amendments have, in order that I may gather more material to have at my disposal.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the amendment may go over. Is there objection?

Mr. SMOOT. Mr. President, I can not give unanimous consent. If the Senate wants to vote that it shall go over, very well and good; but this is the next item, and, much as I would like to accommodate the Senator from New York, I can not consent. There is not a Senator here that I would rather accommodate than the Senator from New York, but I can not do it, in my opinion, at this time. If the Senator from New York wants to move that the amendment shall be passed over, and the Senate says so, of course, I can not object.

Mr. COPELAND. We will go ahead. We make fish of one and fowl of the other. This afternoon five or six items have gone over without any protest from the Senator from Utah.

Mr. SMOOT. But they have all been agreed to since. They were just passed over temporarily. Five of them went over at the request of the Senator from Idaho [Mr. Thomas],



who had an appointment and had to leave. Just as soon as he returned to the Chamber those five amendments were taken up and agreed to by the Senate.

Mr. COPELAND. I rather think there was a request made by the Senator from Oklahoma [Mr. Gore] that some matter go over until Friday.

Mr. SMOOT. But he had to leave the city. He said he was compelled to go from the Chamber to the train and it was impossible for him to remain. That is the reason why those items went over.

Mr. COPELAND. I renew my request at this time that this amendment may go over.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the amendment be passed over. Is there objection?

Mr. SMOOT. I can not agree to that now. We must go on with the amendment.

The PRESIDING OFFICER. The Senator from Utah objects; and the question before the Senate is the item relating to wort.

Mr. COPELAND. Mr. President, senatorial courtesy has been thrown to the winds, I observe, but there will be other times.

The proposal I wanted to make was that, instead of placing this tax upon wort, upon liquid malt, and malt sirup, the tax be placed upon malt directly. The reason I make this proposal is because the committee, wise as it has been in most things, has not established the right relationship between malt sirup at 3 cents a pound and brewer's wort at 15 cents a gallon, and, by failing to establish the right relationship, the committee has provided for a very easy way of evading the prohibition law. I suppose it may seem strange, Mr. President, for me to raise that particular objection, but that is the fact.

There are several ways of making beer. I suppose that in this audience it is less important to describe than anywhere else because of the recognized knowledge of Senators about everything; but I should like to have the particular attention of the Senators on the other side who need advice on this subject.

First, let me tell how these articles are prepared, and then, perhaps, I can make clear what I have in mind. The grain, whatever it may be, whether barley or rye or wheat or corn, is moistened and permitted to germinate. When it germinates we have what is called malt—that is, the malted grain. Then the malted grain is soon converted, by a chemical action, into malt sugar. At that point it is separated from the husk, the fluid is itself drained or strained off, and the fluid thus drained off is wort. Then the liquid wort is concentrated by evaporation of the fluid, and we have malt sirup or malt extract. It may be seen that any one of these preparations, malt, malt sugar, wort, or malt extract, may be employed for making beer. I do not know why the committee determined to take simply wort and malt extract and place the tax upon them. If that was the serious desire of the committee, there should have been a different proportion in the rates placed upon wort and malt extract.

My proposal is that, instead of placing a tax on wort or on malt extract, the tax be placed on the malt, the original source of the wort and of the malt extract. Then the tax would cover, first, the malt, then the malt sugar, then the wort, and then the extract, the concentrate. It is unfair to have the tax placed upon the extract, because it varies materially in its percentage of solids, and the tax is the same, 3 cents a pound, regardless of the solid content. Therefore where a malt extract of low solid content is used, the tax as placed here, at 3 cents a pound, is unduly high. So my appeal to the committee is that the tax may be placed on the malt; and my definite proposal is that a dollar a bushel be placed upon malt. Now, may I ask the Senator in charge of the bill what his feeling is about that?

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. SMOOT. Malt sirup is used by the bakeries; it is used in making candy; it is used in many legitimate products in the home. Wort is used for making beer and nothing else in the United States. Therefore the committee feels and I think the American people feel that the proper way, if we are going to get \$97,000,000 of revenue, is to levy the tax on wort and not upon malt sirup that is used by and goes into practically every home in the United States.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Louisiana?

Mr. COPELAND. I yield.

Mr. LONG. I should like to ask the Senator from Utah a question. Did I understand him to say that the product that is covered by the proposed tax is not legitimate malt but malt that is used for something else?

Mr. SMOOT. There is some legitimate beer made, I understand, but the great bulk of it is not.

Mr. LONG. As I understand, a tax on legitimate as well as on illegitimate beer is needed in order to get the \$97,000,000 to balance the Budget. We would be disappointed in the revenue anticipated without the illegitimate beer?

Mr. SMOOT. There is no question about that. That is one reason why I want to put the tax on wort.

Mr. BLAINE. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Wisconsin?

Mr. COPELAND. I yield.

Mr. BLAINE. Does malt sirup go into every home?

Mr. SMOOT. I think more than likely it does.

Mr. BLAINE. Did the Senator ever see malt sirup?

Mr. SMOOT. I have seen malt sirup, but that does not go where the wort goes. The wort goes into beer only.

Mr. BLAINE. Does the Senator know for what purposes malt sirup is used?

Mr. SMOOT. Yes, I know for what it is used.

Mr. BLAINE. What is the difference between wort and malt sirup?

Mr. SMOOT. Malt sirup is a concentrated article; it is made from barley exactly the same as wort is made.

Mr. BLAINE. And wort is made from malt and contains moisture—more moisture than the malt sirup?

Mr. SMOOT. It is a liquid.

Mr. BLAINE. Is there any essential difference in the uses to which the two articles are put?

Mr. SMOOT. Certainly. The sirup, as I have said, is used in nearly every bakery in the United States; it is used by confectioners. They do not use wort.

Mr. BLAINE. Does the Senator say that malt sirup is not used in the making of beer, whether legitimate or illegitimate?

Mr. SMOOT. Not when the wort can be obtained.

Mr. BLAINE. If the wort can not be obtained, those who make beer will get the malt sirup?

Mr. SMOOT. I can not say as to that; I do not know.

Mr. BLAINE. I am just wondering whether or not the Senator could give the Senate information on that point?

Mr. SMOOT. I can not say how much revenue will be obtained, but the department says that there will be the amount estimated coming from wort if we impose 15 cents a gallon on it.

Mr. BLAINE. I assume that the \$97,000,000 includes the tax on wort, malt sirup, and concentrate?

Mr. SMOOT. It does.

Mr. BLAINE. So that the Senator does not mean to say that the tax on wort alone will bring in \$97,000,000?

Mr. SMOOT. The so-called wort paragraph in the bill covers, of course, malt extracts, fluid, solid, and condensed.

Mr. BLAINE. Does the Senator know the wholesale price of brewer's wort?

Mr. SMOOT. It is very low.

Mr. BLAINE. How much?

Mr. SMOOT. I do not know what the price is to-day.

Mr. BLAINE. It is 15 cents a gallon, is it not?

Mr. SMOOT. I thought it was less than that.

Mr. BLAINE. It may be less in some cases.



Mr. SMOOT. I think it is less in some cases.

Mr. BLAINE. So that the tax is greater than the price?

Mr. SMOOT. The tax, in fact, I think, is about 100 per cent.

Mr. BLAINE. Is it not a fact that when wort is taxed 15 cents a gallon, or more than 100 per cent, and when malt sirup can be used as a substitute for wort, that there will be no tax paid on wort because there will be no wort?

Mr. SMOOT. That is not the testimony before the committee.

Mr. COPELAND. That is the great trouble, and, if I may say so, the testimony is not correct.

Mr. SMOOT. The committee thinks it is correct. The committee thinks that beer is going to be made from wort just as it has been in the past.

Mr. BLAINE. Will the Senator from New York yield to me that I may ask another question?

The VICE PRESIDENT. Does the Senator from New York yield further to the Senator from Wisconsin?

Mr. COPELAND. I yield.

Mr. BLAINE. May I ask the Senator from Utah if the wort manufacturers testified before the committee?

Mr. SMOOT. No wort manufacturer asked to appear before the committee. He would have been allowed to testify if he had requested the privilege.

Mr. BLAINE. In other words, there was no testimony before the committee from the wort manufacturers?

Mr. SMOOT. Not so far as I am aware.

Mr. BLAINE. But there was testimony before the committee from the malt sirup manufacturers?

Mr. SMOOT. Yes.

Mr. BLAINE. And the malt-sirup manufacturers testified on their side?

Mr. SMOOT. Yes.

Mr. BLAINE. I want to call the Senator's attention to the fact that when we impose a tax of 15 cents a gallon on wort that absolutely will drive all the wort manufacturers out of business and there will be no wort sold and no tax on that product. That may not be regarded as material, but I thought the Senate ought to be advised of it, and I think my statement is correct.

Mr. SMOOT. I think the bootleggers will still buy wort even if they have to pay a tax of 15 cents a gallon; I have no doubt about it at all.

Mr. President, I ask unanimous consent that the Senate shall take a recess to-night not later than 10 o'clock until to-morrow morning at 11 o'clock.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. COPELAND. Mr. President, I am not at all interested in this subject in its relation to the beverage problem, but I am interested, because of the large industries in my State, in attempting to have a measure of justice in the arrangement of the rates. I am sorry to say that in order to make the point I have in mind I must state to the Senate that the thing that is mentioned by the Senator from Wisconsin is going to happen. The Senator from Utah imagines that he is going to get \$97,000,000, and that is very desirable. If I believed it, I would sit down right now, because nobody is more anxious than I am to have the Budget balanced; but that is not going to happen.

Mr. COUZENS. Mr. President, will the Senator yield to me a moment?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Michigan?

Mr. COPELAND. I do.

Mr. COUZENS. I should like to ask what the Senator recommends as a substitute with respect to rates?

Mr. COPELAND. I recommend a tax on malt. I do not care what the tax is. I suggest a dollar a bushel on malt.

Mr. COUZENS. What revenue would that bring to the Government?

Mr. COPELAND. I should say \$40,000,000; and not a dollar of it could be evaded because there are only 25 malt houses in the United States, and they are very reputable concerns. Every dollar would be collected. As I was about

to point out, however, if this bill is left as it is, there will not be any wort or any malt extract used in making near beer or home-brew because they will use malt sugar for that purpose. That is what will happen. Everybody who knows the chemistry of the problem at all knows that that will be done.

Mr. COUZENS. What tax could we put on malt sirup then?

Mr. COPELAND. I would put the tax on malt alone. I would put the tax at the top. Then every single bit of product which is made, whether it is malt sugar or wort or malt extract, will be taxed because the tax is on the raw substance, so to speak, the raw material.

Mr. COUZENS. Yes; but that will not bring in adequate revenue.

Mr. COPELAND. But the committee is utterly mistaken if it thinks it is going to get \$97,000,000 from this tax. It can not be done.

Mr. WATSON. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Indiana?

Mr. COPELAND. I do.

Mr. WATSON. If all the experts of the Treasury Department do not know what they are talking about, then we may be wrong in all these estimates. In the first place, when the Secretary of the Treasury appeared, he testified positively and without equivocation that we would get \$100,000,000 from this tax. As the other experts came, one after another, and were questioned on this proposition, no one put the revenue from wort and malt extract at less than \$97,000,000. We were three days on this question, off and on. We discussed it three separate times, and we had the experts there, and they gave this unanimous testimony. I am assuming that they knew something about what they were talking.

Mr. COPELAND. They are right if the making of these products is confined to wort or malt extract; but the next step above wort is malt sugar, and you can do with malt sugar all the things that you can do with wort or malt extract. Everybody who knows anything about the matter knows that.

Mr. WATSON. Then why do they not use it?

Mr. COPELAND. They will use it. I will show the Senator how to use it.

Mr. WATSON. Why do they not use it now?

Mr. COPELAND. Because it is a matter of indifference now, under the present law.

Mr. COUZENS. Mr. President, will the Senator tell me if the tax of 15 cents per gallon on brewer's wort and the tax of 3 cents a pound on the other items in the paragraph are properly related?

Mr. COPELAND. No; they are not.

Mr. COUZENS. How should they be related?

Mr. COPELAND. At the rate of 15 cents on wort, the tax on extract should be about 1 cent. Am I right in that, may I ask some of the others who have looked into it? That, however, is not what I have in mind. Let me see if I can make it clear, and let me show you how you can make beer, and it will prove the case.

By taking 4 pounds of germinated barley malt, 2 pounds of sugar, 3 ounces of hops, and then adding water, you will make a 5-gallon unit of home-brew, and there is no tax on any of the ingredients. You avoid the tax because you do not use wort or malt extract. You use malt sugar, and it has in it all the things that are needed to make beer.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I do.

Mr. SMOOT. Where would they get their malted barley?

Mr. COPELAND. From the maltster.

Mr. SMOOT. Does the Senator think for a minute that that could be made by the maltster? That is not feasible at all.

Mr. COPELAND. Then I will say that you can take 3 pounds of baker's malt extract, which you can buy from a



baker, 2 pounds of sugar, and 3 ounces of hops, and then you have a 5-gallon batch of beer without any tax.

Mr. LONG. Mr. President, this tax would not include a tax on baker's malt.

Mr. COPELAND. No; there is no tax on baker's malt.

Mr. LONG. There is no question whatever about that. We had that tax in Louisiana, and we had to go back and amend it to try to cover baker's malt.

Mr. COPELAND. Of course.

Mr. SMOOT. Mr. President, if the Senator will read the amendment, he will see that it says:

Unless sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products, foods, cereal beverages, or textiles, for use in the manufacture or production of such products, 3 cents a pound.

Mr. COPELAND. The Senator from Utah got the impression from the testimony that there was a tremendous amount of this substance sold to the baker, did he not?

Mr. SMOOT. Does the Senator mean a tremendous amount of the extract?

Mr. COPELAND. No; of the malt sugar.

Mr. SMOOT. Of the malt sirup, whatever is necessary.

Mr. COPELAND. That there is a very great quantity sold?

Mr. SMOOT. No; our estimate does not show that there is so much of that. We are estimating here from brewer's wort, a revenue of \$97,000,000.

Mr. COPELAND. I know you are, but you will not get it.

Mr. SMOOT. But the department says we will get it. Men who are in the business say we will get it. Not only that, but I can call the Senator's attention, if it is necessary, to a witness who was there who has been interested in the sale of liquors all his life; and he testified that we would get more than the \$97,000,000.

Mr. COPELAND. You would get more if there were not a way to make it without using wort or malt extract.

Mr. SMOOT. Mr. President, if that is the case the Senator should not be worried about the amendment, because if the amendment will not bring the amount of money I have stated, then the parties who have interested the Senator in the amendment are not going to be hurt. If they are not going to be hurt, and they can evade the tax, why come here and object to it?

Mr. COPELAND. I am not interested in anybody who makes beer. That is a matter of no concern to me.

Mr. SMOOT. The only ones who would object to it, and the only ones who have objected to it to the Senator, must be the men who will have to pay this duty in order to make beer.

Mr. COPELAND. No. I am interested in the people who make this stuff and sell it to the others; and I might say to the Senator that this beverage does not happen to be one of my favorites.

Now, I want to enlighten the Senator from Utah about the use of malt in bakeries.

I hold in my hand an affidavit signed on the 16th of May, yesterday, from a baking concern that has 19 branches. They are located in Syracuse; Youngstown, Ohio; Milwaukee; Utica; Rochester; Springfield; Pittsfield; Staten Island; Brockton, Mass.; Worcester, Mass.; Dover, Mass.; Boston; Roxbury; Waltham; Cambridge; Salem; and Providence. There are 19 branches. They are producing in one plant 70,000 loaves weekly, and an average of 50,000 loaves in the other plants, employing 2,400 people. My friend from Utah talks about the enormous use of malt preparations in baking. Does he know how much they use in these 19 plants? The total amount is 3 barrels a year!

Mr. SMOOT. They are not going to be hurt, are they?

Mr. COPELAND. The Senator thinks, because he has made an exemption of the bakery, that he has performed a great act of philanthropy and humanitarianism. The fact is that what the Senator is going to do is to make bootleggers of the bakers. There will be bakers—not this concern, but there will be some—who will sell their preparation which they get without tax to these people who want to make illicit beer.

Mr. SMOOT. We provide here—

Unless sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products—

And so forth. How are they going to do it?

Mr. COPELAND. I suppose just writing that in the law makes it right, does it not, just like the prohibition law?

Mr. SMOOT. As to the prohibition law, of course, in the past unlawful beer has been sold, and it is sold all over the United States to-day. There is not any question about it; and if the Government can get anything out of it, I want it to do so. That is why this tax upon wort is placed in the bill.

Mr. COPELAND. I have told the Senator how he can do it. Not one particle of this material can be used in this country without paying the tax if we put it on the malt and not on the lower products of the malt.

The Senator is amiable and sweet and kind except when I want to have action deferred for a day or two.

Mr. SMOOT. Mr. President, ordinarily I would have done it for the Senator from New York, and I do not want the Senator to make that criticism. I objected only because of the fact that we are here with the bill, and we want to get through with it.

Mr. COPELAND. All right. I renew my request, Mr. President, to let this matter go over for a couple of days.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. There is objection to it.

Mr. COPELAND. I thought the Senator had had a change of heart.

Mr. SMOOT. No. I was about to say that if we had done this at the Senator's request, somebody else would have wanted something else to go over to-night, and it seems to me we have now arrived at the place where we must take up the bill and get through with it.

Mr. COPELAND. The Senator has clearly in his mind, has he, the various steps involved in making malt extract? First, there is the barley. That is germinated. Then by this sugar fermentation, this diastatic process, it becomes malt sugar. That is just as useful in making beer as the next process, which is wort.

Mr. SMOOT. Then the beer friends of the Senator are not going to be hurt; but I am sure that that is not the case.

Mr. COPELAND. Why is the Senator so sure that that is not the case?

Mr. SMOOT. Because that is not the way beer is made in the United States to-day.

Mr. COPELAND. But that is the way beer will be made when this law passes.

Mr. SMOOT. Then the Senator should not find any fault whatever with this provision, because if they can do it, they will evade the tax. The department says they can not do it, however, and they will not do it, and I believe the department.

Mr. COPELAND. Once more the Senator puts me in a false position. I am not interested in the man who makes the beer. I am interested in getting revenue for the Government. I have told the Senator how to get it, and by the plan which he offers. He feels, somehow or other, that I must be protecting the brewer or the home brewer or the illicit manufacturer of beer. He fails to see that I am trying to make this bill bring revenue.

Mr. SMOOT. Mr. President, the letters I have received as chairman of the committee with reference to this matter are along the same line the Senator has mentioned, and the writers are very deeply concerned that this tax shall not be imposed, so deeply concerned that they have made all kinds of predictions about it. The ones who have predicted the dire results have said that it is going to extend the use of the article in making beer by the illicit manufacturers. The illicit manufacturer can not get it unless he pays the Government of the United States the tax on wort.

Mr. GLENN. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. I yield.



Mr. GLENN. What I would like to have explained is this: If it is a proper procedure and a proper policy to tax wort, which can be used for only one purpose, that is, for conversion into beer, why is it not a correct policy to fix a tax upon beer itself? Why is it absolutely abhorrent to so many people here to talk about taxing beer, when, at the same time, they very gladly fix a tax on wort, which everybody knows is used only to make beer? I can not see why it is right to tax the wort and wrong to tax the beer into which wort is converted.

Mr. SMOOT. We are not trying to enter into the prohibition question at all—

Mr. GLENN. No; I am not trying to enter into that.

Mr. SMOOT. Most all beer that is manufactured is sold by bootleggers. The bootleggers use this article. They sell the beer all over the United States. They are the ones who purchase the wort. They are the ones who from it make the beer. They are the ones who sell it, as bootleggers, all over the United States. If that is going on, we want to get some money from it, and we will get \$97,000,000, the Treasury Department says, through this provision.

Mr. GLENN. Then why not get four or five hundred million by taxing beer itself? That is what I can not understand.

Mr. COPELAND. Mr. President, I ask my friend from Utah just to listen to me and believe that I am trying to perform a useful service. I hope he will not close his mind to the possibility that there may be a better plan than that devised by the committee.

Mr. SMOOT. I am a very good listener and will continue so.

Mr. COPELAND. The Senator is very patient, I will say. He has given me more confidence in the Christian religion than any other man I have ever met has given me, and I say that to the Senator in all sincerity.

Mr. President, when barley is germinated, it is malt. Beer can be made from that. But that is not desirable, I understand. The next step is the making of malt sugar. When malt is given this conversion of the starch into sugar, it is then known as malt sugar.

Let me say to my friend from Utah that beer can be made from malt sugar just exactly as well as it can be made from wort. The only difference in the world between malt sugar and wort is that you have strained the product, malt sugar, and have taken the clear liquid, and that is wort. All the fermentation products are in the malt sugar.

What the Senator from Utah is trying to do is to rob the Government by putting out the false hope that \$97,000,000 will be received by the Government, and the Government will spend it, and then find that it has not got it.

I propose this, that a rate of \$2 a bushel be placed on malt. That would produce \$80,000,000, and every dollar that is collectible from the making of beer, or candy, or pastry, will contribute its share, and give us \$80,000,000. I have proposed a plan, Mr. President, to put 80,000,000 good dollars into the Treasury of the United States, and against my plan is the plan of the committee, which will put about 80 cents into the Treasury.

Mr. WALSH of Massachusetts. Mr. President, what is the Senator's proposal?

Mr. COPELAND. My proposal is that there shall be placed a tax upon malt. Instead of saying "barley malt," I want to say "malt," because corn and rye and wheat are also malted, and we will get about a quarter of a million dollars from those.

Mr. WALSH of Massachusetts. What would the Senator strike out of the committee amendment?

Mr. COPELAND. I would change the committee amendment on line 20, page 241, so as to read, "Malt, \$2 per bushel."

Mr. WALSH of Massachusetts. Does the Senator think that all the other articles mentioned in this paragraph could be included in the word "malt"?

Mr. COPELAND. All of them.

Mr. WALSH of Massachusetts. Does the Senator claim that brewers' wort is malt?

Mr. COPELAND. I must say it over again to a more susceptible audience than I have had before, because I am speaking to one who has confidence in what I say.

Mr. WALSH of Massachusetts. I certainly have. Perhaps the Senator can tell me in a word what I want to know. Does the word "malt" embrace all these liquids and the other things mentioned in this paragraph?

Mr. COPELAND. From malt we have made all these things. It is the raw product. Malt is simply the germinated grain. The starch is converted into sugar, and then there is malt sugar. Then you strain that and take the husks of the grain out, and that is wort. Then you boil it, concentrate it, and you have malt extract.

Mr. WALSH of Massachusetts. What is the objection to the Senator's amendment, if he is willing to include everything there is here, and change the tax per gallon to a tax per bushel?

Mr. COPELAND. I propose \$2 per bushel on malt. That will bring in \$80,000,000.

Mr. WALSH of Massachusetts. How does that proposition appeal to the representatives of the farmers in this body?

Mr. COPELAND. The farmers can not complain at all, because that has no relation whatever to their necessities or their desire to sell. They now sell the barley to the malster. The malster is the man who germinates the grain and makes these products. There are only 25 establishments in the United States that are engaged in that conversion process.

Mr. WALSH of Massachusetts. In the whole country?

Mr. COPELAND. In the whole country. The Government could collect the revenue from 25 reputable establishments, big establishments, which cover acres.

Mr. WALSH of Massachusetts. Was that proposition presented to the Finance Committee?

Mr. COPELAND. Very briefly, at a late moment, when the Finance Committee had become worn. I sent it in, and the chairman was very kind and read the proposal.

Mr. PITTMAN. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. PITTMAN. I wish to ask the Senator a question, and see if I understand him. Do I understand that those who make beer for sale in this country could use malt sugar instead of wort, and avoid in that way this tax?

Mr. COPELAND. That is correct. That is exactly what they can do, and exactly what they will do. That is the reason why I say in all sincerity to my friend from Utah that there will not be a return to the Government of \$97,000,000 in revenue, because those smart boys will use the malt sugar instead of the wort.

Mr. PITTMAN. I would like the attention of the Senator from Utah. I have just asked the Senator from New York whether the people who make beer for sale in this country could make it out of malt sugar instead of wort, and thus avoid the tax we intend to place on them.

Mr. SMOOT. Mr. President, making it from malt sugar is an absolute process in itself. The Senator knows very well that making sugar itself, any kind of sugar, from beets, even, is a process, and a very expensive one. This is the simplest form in which the thing can be. It is liquid. The malt is made into liquor, and a very light liquor, at no cost to speak of at all.

Mr. PITTMAN. In the opinion of the Senator, would the cost of making beer out of malt sugar, instead of out of wort, be more than the excise tax they would have to pay if they made it out of wort?

Mr. SMOOT. I have no doubt about it.

Mr. COPELAND. The Senator is not talking about beet sugar or cane sugar.

Mr. SMOOT. I am speaking of the process.

Mr. COPELAND. The Senator has an absolute misconception of the process. You can not have wort, you can not have malt extract, unless it is made from malt sugar. The Senator need not smile. That is a scientific truth. That is the way they are made. The Senator need not think that malt sugar is some refined product like refined cane sugar.



Mr. SMOOT. I have said the process was not like that used in making refined sugar, but the sugar that is in the barley in its liquid form is extracted, perhaps in exactly the same way as it is from the beet, though with different machinery, because one is sliced and the other is crushed.

Mr. COPELAND. Very well; then what is the next step? It is from that product that you make the wort. You must first have the malt sugar. Of course, if one closes his mind absolutely to the facts involved in this process of making malt extract, or making wort, there is no use trying to impress him. The fact is that you take the barley, germinate it, get a conversion of the starch into sugar, and then strain the fluid from that, and that is the wort.

Mr. GEORGE. Mr. President, can the Senator say how many gallons of wort are produced from 1 bushel of malt? We might then arrive at a fair tax on it, if the Senator's theory is correct about it.

Mr. COPELAND. One bushel of malt barley will make 30 gallons of wort.

Mr. GEORGE. That would be \$4.50 a bushel.

Mr. COPELAND. Four dollars and sixty-five cents a bushel. But let me say to my friend from Georgia that my point is that you are leaving the bootlegger a way out. He will buy the malt sugar. He will not buy the wort and pay the tax. He will not buy the malt extract and pay the tax. He will buy the malt sugar.

Mr. GEORGE. I understand the Senator's position, but I was merely directing attention to the fact that if 1 bushel of malt produced 30 gallons of wort, and we had decided it wise to put a tax of 15 cents a gallon on the wort, there ought to be more than \$2 a bushel on the malt.

Mr. COPELAND. No; I do not think so, for this reason, if I may say so to my friend. My point is that if we put a tax of \$2 a bushel on the malt, we will collect every cent of it, there will be no evasion of it, there will be no possibility of evasion of it, because there are only 25 places where it is made. We will get every dollar of it.

Mr. GEORGE. The Senator does not think the tax will be high enough to induce evasion?

Mr. COPELAND. No; I do not think so. On the other hand, the plan proposed by the committee is sure to result in evasion, in two ways. In the first place, they will go to the malt sugar as I have suggested. In the second place, it will make bootleggers of the little bakers who are now exempt from any tax, and they will buy that stuff.

Mr. SMOOT. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. SMOOT. Let us be sure that we are going to get malt sugar, and on line 21, after the words "malt extract," insert the words "malt sugar."

Mr. COPELAND. This is what I would like to have the Senator do. I would like to have some expert of the Department of Agriculture or of the Treasury, if there is such a man, work out for us the relationship between malt sugar, wort, and malt extract.

Mr. SMOOT. That is what happened in the Treasury Department, as I understand it.

Mr. COPELAND. But that is not what actually happened.

Mr. SMOOT. All I know is that this information came from the Treasury Department and the statement that was made to the committee convinced the committee that this is the proper plan. It was claimed also that it would raise \$97,000,000.

Mr. COPELAND. I say to the Senator that it will not raise that amount; it will not raise half that amount. I called up Doctor Doran's office about a week or 10 days ago. The only objection they raised to the proposal was the baker. The baker is now exempt. They thought there would be complaint. I held to that view myself until I looked into the matter. That is the reason why I make this statement. I wanted to find out how much the bakers actually use. They do not use a cupful a day. It is a very small amount.

I would like to have the committee submit this paragraph to the department involved to work out the relationship be-

tween the different products of malt preparations, in order that they may be on exactly the same plane so that malt sugar and wort and malt extract shall be classified with the sliding scale necessary to put them on the same plane of equality. Then I would not have another word to say.

Mr. SMOOT. Is it not a fact that brewer's wort is used mostly by bootleggers?

Mr. COPELAND. I do not know. I am not familiar with the operations of bootleggers.

Mr. SMOOT. No matter what arrangement is made as suggested now, we would not catch the bootleggers. They do not use any sugar. They use nothing but the wort. Most of it goes into bootleg beer.

Mr. COPELAND. The Senator is better advised on that subject than I am.

Mr. SMOOT. I am advised by the department and the men who come in direct contact with it, and that is where I get my information. If we change it and do not have it apply to the wort itself, then the bootlegger gets it without paying the tax the Senator is suggesting. That is why this provision was changed. The committee was told that the great bulk of it in liquid form is used in wort and used by bootleggers in making beer.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. COPELAND. Certainly.

Mr. WALSH of Massachusetts. I have a telegram which I would like to read to the Senator, as follows:

Proposed 15 cents per gallon tax on liquid malt would be ruinous to our industry and defeat the purpose of the tax, as the increase in price would be prohibitive. The most our industry could pay would be 5 cents per gallon.

Unfortunately, the sender of the telegram did not state what his industry is. I take it that it is a legitimate industry. Can the Senator state what industries use liquid malt in a legitimate way?

Mr. COPELAND. It is used in making candies and pastries, and malted milk.

Mr. WALSH of Massachusetts. But liquid malt is excluded from paying 15 cents per gallon when used for the purposes named. Liquid malt used for the purpose of baking is taxed at 3 cents a pound. The Senator will note in lines 3, 4, and 5, on page 242 of the bill, the last sentence in the paragraph reads:

For the purposes of this paragraph liquid malt containing less than 15 per cent of solids by weight shall be taxable as brewer's wort.

I am trying to find out from the Senator, who seems to be very familiar with this subject, whether or not there are industries other than those excluded in the bill that use liquid malt legitimately?

Mr. COPELAND. I am not so fully advised on that subject as I should be. It so happens that the chemistry of the thing is familiar to me because of my studies of chemistry. That is why I happen to know anything about it. I do not know the practical uses of the product so well as other Senators may.

Mr. WALSH of Massachusetts. Perhaps the Senator from Utah could inform us. Evidently the sender of the telegram which I just read is disturbed about the high rate named in this committee amendment.

Mr. SMOOT. I do not know what his business is.

Mr. WALSH of Massachusetts. I do not know, either, but I assume it to be a legitimate business.

Mr. SMOOT. If he is in legitimate business, then he does not pay that 15 cents.

Mr. WALSH of Massachusetts. I want to know if the Senator is of the opinion that all legitimate businesses are excluded under this amendment?

Mr. SMOOT. Legitimate business is excepted that takes the wort and makes beer direct from the wort. I do not know whether the individual who sent the telegram has any legitimate business or not. If he uses it for any other purpose, the 15-cent rate does not apply.



Mr. WALSH of Massachusetts. I understand that, unless there are some industries outside of those mentioned. Are brewer's wort and liquid malt practically the same thing?

Mr. COPELAND. Not quite.

Mr. SMOOT. Brewer's wort is just liquid.

Mr. WALSH of Massachusetts. Brewer's wort is used practically alone for the making of beer?

Mr. SMOOT. Yes.

Mr. WALSH of Massachusetts. Malt liquid is used for these other purposes?

Mr. SMOOT. Oh, yes. That is why the exception was made in the amendment.

Mr. COPELAND. I want to show the Senator how unjust the exception is.

Mr. SMOOT. I know that the rate of tax of 15 cents is high. It was deliberately made high. I have not any doubt that the bootlegger who sells his beer makes ample profit so that he can well afford to pay the 15 cents a gallon tax on wort.

Mr. COPELAND. I do not care how much he pays, but I want all these products which are made from malt put on the same footing. The Senator from Utah does not seem to see that.

Mr. SMOOT. No; I can not see it.

Mr. COPELAND. The last sentence of this paragraph reads:

For the purposes of this paragraph liquid malt containing less than 15 per cent of solids by weight shall be taxable as brewer's wort.

Mr. SMOOT. Certainly.

Mr. COPELAND. Malt extract is all above 15 per cent, otherwise it would be wort. We find as high as 98 per cent concentrate, almost a powder, and yet the committee has taxed all of these products at the same rate.

Mr. SMOOT. That has been true in every tariff bill and every revenue bill passed through this body for years and years.

Mr. COPELAND. If the Senator's desire about taxing the beer business is to bring revenue, he should have this paragraph written so that there is a tax upon malt, from which beer can be made, upon malt sugar, from which beer can be made, and which are not taxed, and upon wort, from which beer can be made and which is taxed, and then upon a sliding scale upon the extract.

Mr. SMOOT. It would never pay to take, for instance, the malt extract. It is a further finished product from the wort. It is an extract that costs a great deal more. I can not say definitely whether this is worked out in the right proportion, but that is what the men in the department claim is the case, that this is balanced with the exception of wort itself, and that is to pay a rate of 15 cents a gallon, because of the fact that the great bulk of it is made into bootleg beer, although there is some legitimate beer, no doubt, that is made out of wort. The Senator has never heard any complaint of the price of beer that is sold legitimately. I do not think the bootleggers care. They get whatever price they can, and I suppose it is ample. I do not know. They seem to be about as prosperous people as there are in the United States.

Mr. COPELAND. I am not advised. I have not bought any of their products. The Senator has given me information which I am glad to have, because I like to know all I can about things.

I wish there were some way by which I could make clear to the committee that they ought to have every single product in the various steps of making these preparations from malted barley, so that if we pay a cent a pound on 20 per cent extract, we would pay 2 cents a pound on 40 per cent extract and 4 cents a pound on 80 per cent extract, so there would be a sliding scale in order that the preparation which is sold to the people as manufactured by any given concern may be on exactly the same plane of economic fairness and justice with every other product. If there is anything that is unreasonable about that, I fail to see what it is.

My thought is, and I think there is sense in it, that the way to do this is to put a tax on the malted product itself.

I would not want to put a tax on the barley or the grain. I would not ask that that be done, but let us put a tax on the germinated grain. Then the manufacturer can decide whether he wants to sell it as malt sugar or wort or malt extract or malt powder. It would be up to him.

But one might as well bay at the moon as to try to get any change in a measure after it comes from the committee. One would think that the committee had infallibility and that when it reaches a conclusion, even though that conclusion is reached after changing nine previous conclusions, it is like the law of the Medes and the Persians. That is about where we are in this matter.

Now may I ask the Senator, in the interest of justice, if he will not submit to the experts of the Government—and no government in the world has better experts, and I have faith in them—will not the Senator submit this paragraph to the experts in order to arrange a scale of rates which will put these various products on the same plane of equality economically?

Mr. SMOOT. We would not get any revenue out of wort in that way. Does the Senator object to a 3-cent tax upon all the other products?

Mr. COPELAND. Yes.

Mr. SMOOT. We have separated them.

Mr. COPELAND. Yes; I object to it because it is a fixed rate, exactly the same on 15½ per cent extract as on 98 per cent extract. It is not fair; it is not just.

Mr. SMOOT. I do not think it will be possible to make a sliding scale for each one of these commodities.

Mr. COPELAND. But there is a short cut to it, and the short cut is to put the tax on the raw material. I would go as far as even \$2.50 on the raw material, which would yield \$100,000,000, and every dollar of it would be collected.

Mr. SMOOT. Then the tax would have to be applied only to barley that is made into the liquid malt or malt sirup; and how in the world could that ever be followed through all the different stages of manufacture?

This is the only way: The question involved is, Do we want to collect from the illicit manufacturer of beer an exceedingly high tax upon wort, the product which is used in making beer? That is all there is to it; there is not anything else in this whole item. The committee says, "Yes; we do want to get the revenue from this source"; and the bill now represents just exactly what the committee decided upon and the policy which was to be followed.

Mr. TYDINGS. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Maryland?

Mr. COPELAND. I yield.

Mr. TYDINGS. I want to commend the Senator from Utah for his candor and frankness. In other words, the committee has decided indirectly to tax beer.

Mr. SMOOT. I will say that they have.

Mr. TYDINGS. I appreciate the fact the Senator is fair about it because very often in the partisanship that surrounds the prohibition question we can not get a fair statement of facts. I think the Senator has stated honestly and fairly that we are indirectly going to tax illegal beer in order to get revenue.

Mr. SMOOT. That has been my policy in connection with all legislation. I do not care whether it be a tariff bill or any other kind of legislation, I am never afraid to tell the Senate of the United States just the object I have in favoring or opposing any measure.

Mr. TYDINGS. May I ask the Senator another question which I think he will answer with equal candor? The tax upon grape concentrates, the next item in the bill, is nothing more than a tax on illegal wine, in the last analysis, is it?

Mr. SMOOT. That does not go so far as the wort.

Mr. TYDINGS. But it involves the same principle.

Mr. SMOOT. The same principle to some degree is involved.

Mr. TYDINGS. That is right.

Mr. COPELAND. Mr. President, I was not so fully aware when I started this discussion as I am now that we are



dealing with the bootlegger, but the Senator from Utah has made it clear to me that he is seeking to get \$97,000,000 a year out of the bootleggers. I am with him in that respect; I want him to get the \$97,000,000; but I want to frame the provision so that he will be sure to get it, and I have told him how to do it. Put \$2.50 a bushel on malt, on the germinated grain, and there will be collected \$100,000,000, and every cent of it will be obtained because there will be no way to evade it. The bootleggers can not run malting establishments.

Mr. SMOOT. Let me suggest to the Senator that he offer an amendment to this paragraph and we will have a vote upon it in the Senate. I will say further that if the Senator desires time to prepare the amendment, and will be ready to offer it to-morrow morning, I will ask that this paragraph be laid aside for that purpose.

Mr. COPELAND. I am very much obliged to the Senator, and I will be glad to do that.

Mr. SMOOT. I will go that far because I have the highest regard for the Senator from New York.

Mr. COPELAND. I thank the Senator, and I share the same feeling for the Senator from Utah.

Mr. SMOOT. I want to say that I do not know whether the members of the committee would feel that I have overstepped the bounds of propriety in making the suggestion, but, no matter, I shall ask that this paragraph go over until to-morrow morning.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. WALSH of Massachusetts. Mr. President, it is quite apparent that we are not going to have the careful consideration given to these amendments at night sessions which should be given to them. I know we are all anxious to dispose of this measure as speedily as possible. I was going to suggest to the Senator from Utah that he try to work out an arrangement so that the sessions might begin at 10 o'clock in the morning and run until, say, half past 6 or 7 o'clock in the evening.

The Senator from Maryland about to propose what he believes and what millions of people believe, who are in favor of legalizing beer of 2.75 per cent alcoholic content, is an important amendment, and we find scarcely 10 Senators on the floor. The same thing is going to happen night after night. It is not fair to the Senator from Maryland, who is about to present a proposition upon which he has been working for weeks and months, and to the many people interested, not to have him have a full attendance in the Senate.

Mr. SMOOT. That happens during the daytime, too.

Mr. WALSH of Massachusetts. Not to so great an extent.

Mr. SMOOT. During a half an hour to-day there were not half the Senators present who are present at this time.

Mr. WALSH of Massachusetts. I know how anxious the Senator from Utah is to speed the consideration of the bill; I know how faithfully he worked in the committee and how much time and energy he spent in trying to expedite its consideration. I am in hearty sympathy with him and agree with him; but look at the spectacle we have before us. With this most important measure of all, one that relates to a question that is more in the public mind to-day than any other, we find only a very few Senators present.

Mr. ASHURST. If the Senator will pardon me, I am sure the Senate did not know of the intention of the Senator from Maryland to speak. As soon as I learned of it I came right into the Chamber.

Mr. WALSH of Massachusetts. If Senators knew the Senator from Maryland was going to speak, they would probably come right in, but the Senator knows it is almost impossible to get a substantial number of Senators to remain and listen to the debates at this time of the evening. I know the Senator from California is not in agreement with me. But we can not keep the Senate here at night after 10 hours of long strenuous debate.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. Certainly.

Mr. JOHNSON. I recognize that, but there is another thing that I recognize, too. If we are going to insist, as we have insisted and as the Senator from Utah has insisted, that we will hold sessions from 11 o'clock or 12 o'clock in the morning until 10 o'clock at night, then I do not think it is quite fair to quit at 25 minutes after 7. I quite agree I would rather hold sessions from 11 o'clock until 7 o'clock, but when we fix a definite time for our sessions I think we ought to go through with the game.

Mr. WALSH of Massachusetts. This is the situation, let me say in reply to the Senator from California: The Senator from Maryland is going to take the floor, if we continue in session. He will talk on the amendment he wishes to offer for at least two hours, and he will have to talk on it again to-morrow morning when we reconvene, because Senators will not be present, and then it will take two hours. It seems to me it is much better for us to adjourn now, and if the Senator from Maryland would then accept a limitation of the debate on his amendment we would save time.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Maryland?

Mr. WALSH of Massachusetts. I yield.

Mr. TYDINGS. A number of Senators feel very intensely about this amendment. For instance, the Senator from New York [Mr. WAGNER] wants to say a few words about it because of the unemployment features it embraces; the Senator from Louisiana [Mr. BROUSSARD], the Senator from Ohio [Mr. BULKLEY], the Senator from Massachusetts, and myself also wish to discuss it. I do not want to delay the bill.

Mr. SMOOT. Then, let us go on.

Mr. TYDINGS. I do not want to delay the bill a single moment; but I will say to the Senator from Utah that if he will agree to vote on the amendment at some early hour to-morrow, I will cooperate with him, and I think we will reach a vote much more quickly than if we do not have such an agreement. I will be glad to go on to-night, but I know I will have to go on to-morrow again, because rather than try to explain the amendment to empty seats, I will withdraw it. I am sincere about this matter. I want to have a real fight about it.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator from Massachusetts has the floor. Does the Senator yield to the Senator from California?

Mr. WALSH of Massachusetts. I yield.

Mr. JOHNSON. By calling for a quorum we could get a quorum here promptly, because there is a quorum present in the building. I expect if the Senator rises to speak—I do not ask him to do so now, and I do not wish to interfere with any desire he may have—but if he rises to speak, I expect to call a quorum in order that there may be a better attendance present. We all have the unfortunate experience at times, of course, of speaking to a few rather than to many, and we all feel that those who are absent have missed a rare treat [laughter], but, nevertheless, it is a fate that comes to all of us in this body.

I have not any objection to an adjournment or recess being taken now, but the only thing I insist upon is this: Let us fix our hours of meeting and let us stick to them. Let us not be fiddling around as we are at present. If we are going to hold night sessions, while some of us are gravely inconvenienced by them, let us not quit just after we have begun night sessions.

Mr. WALSH of Massachusetts. That is why I suggested an earlier hour of meeting in the morning so as to enable us to get away from here at night.

Mr. JOHNSON. I am willing to conform to any procedure which may be adopted, but the only thing I ask is that as to anything that may be agreed upon when we agree we go through with the program that we announce.

Mr. WALSH of Massachusetts. Could we not save time by agreeing now to adjourn until to-morrow at 10 o'clock, and have 3 hours of debate or 4 hours of debate, 2 hours



to each side on this question, and then have a vote? Otherwise, if we enter upon this debate to-night, we will have to rehash it again to-morrow and perhaps consume all day to-morrow.

Mr. SMOOT. I do not think it will take all day to-morrow if we agree now to continue in session until 10 o'clock. I know it is hardly worth while to say that every day this bill is delayed means about \$2,000,000 to the Treasury of the United States. Two million dollars is not very much in the minds of many.

Mr. TYDINGS. Mr. President, if the Senator from Utah will let me interrupt him there, I wonder if it would not help to save time if this amendment were temporarily withdrawn and the Senate should go ahead with other matters with which I imagine Senators are more familiar than they are with the amendment which I intend to submit, which is a new matter. There are other items in the bill which we could proceed to consider and thus accomplish something to-night.

Mr. SMOOT. Certainly.

Mr. TYDINGS. And in the morning I would be very glad to consent to a time when we may have a vote on my amendment.

Mr. SMOOT. How long would the Senator desire? Suppose we should meet to-morrow at 11 o'clock and then begin the consideration of his amendment, would three hours be sufficient?

Mr. TYDINGS. I think it would, but I will ask the Senator if he will stretch the time to three and a half hours, for the reason that the Senator from Texas [Mr. SHEPPARD] and one or two other Senators tell me they want to speak. So far as I am concerned, I feel that all those on the side with me will be able to finish in an hour and a half or an hour and three-quarters.

Mr. WALSH of Massachusetts. The Senator would be willing to limit the debate for the proponents of the amendment to two hours?

Mr. TYDINGS. That is right.

Mr. JOHNSON. Would that involve taking up at this time the next items in the bill?

Mr. TYDINGS. No; the next items are the tariff items, and they will present the same situation that is presented here now. Many of the proponents of the tariff items are not present, and the group of Senators who are in favor of the tariff duties are well organized.

Mr. JOHNSON. There are some of us who favor some of the tariff duties who want to proceed in the regular course; and I imagine that to-morrow would be infinitely preferable. May I inquire of the Senator from Oklahoma whether that would be preferable to him to proceeding to-night?

Mr. THOMAS of Oklahoma. Mr. President, I can speak only for myself, but we are not prepared to put on our argument to-night, because we depended upon these other matters being considered first.

Mr. TYDINGS. Mr. President—

Mr. WALSH of Massachusetts. Mr. President, the Senator from Texas very graciously states that he wants very little time to make reply to the argument that has been made.

Mr. JOHNSON. If the Senator will yield, I am not endeavoring to curtail at all the argument of the Senators on their proposition, but I do want to know the mode of procedure. I do not want, so far as personally I am concerned, to have the tariff items left until the last questions in this bill.

Mr. WALSH of Massachusetts. They are now.

Mr. ASHURST. Mr. President, if the Senator will yield to me, I feel in honor bound to disclose that I am bound in honor and my word is given to more than a dozen Senators that I shall object to any item being postponed. I am bound in the highest way a Senator can be bound that each item must be disposed of as it is reached. There are many Senators sitting here who know I am bound by that. So I must object to postponing any item; and I do it in behalf of those with whom I have the agreement. Each item as it is reached must be considered.

Mr. TYDINGS. The Senator will not object to an adjournment to-night?

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. SMOOT. Perhaps we can come to an agreement of this sort:

I ask unanimous consent that at 11 o'clock to-morrow, on the convening of the Senate, the amendment offered by the Senator from Maryland be taken up immediately, and that it be voted upon not later than 2 o'clock.

The VICE PRESIDENT. Is there objection?

Mr. JOHNSON. Mr. President, before that shall be agreed to I want to know what the plan proposed by the Senator is in respect to the other items in this bill.

Mr. SMOOT. To take them up just as they are reached in the bill.

Mr. WALSH of Massachusetts. To-morrow?

Mr. JOHNSON. Then, sir, this amendment which now has precedence and to which we are about to direct our attention, should be taken up, and then follow the tariff items.

Mr. SMOOT. Of course, if they are next in the bill, they will be.

Mr. FESS. They are.

Mr. JOHNSON. They are the next in the bill. So I am unable to consent, as the Senator from Arizona says, to a proposition of this sort.

SEVERAL SENATORS. Regular order!

The VICE PRESIDENT. Objection is made. The clerk will state the next amendment of the committee.

Mr. TYDINGS. Mr. President, I do not understand the situation. I understand from the Senator from Utah that the agreement was made.

Mr. SMOOT. I asked the Senator from Maryland if the unanimous-consent agreement had been made.

Mr. TYDINGS. I do not know. Has it?

Mr. WALSH of Massachusetts. Was it objected to?

The VICE PRESIDENT. The unanimous-consent agreement was objected to, and the regular order was demanded.

Mr. WALSH of Massachusetts. By whom?

The VICE PRESIDENT. The Senator from California [Mr. JOHNSON] objected.

Mr. JONES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Washington will state it.

Mr. JONES. If the regular order is demanded, is not that, pursuant to the order made by unanimous consent some time ago, the amendment of the Senator from Maryland?

Mr. TYDINGS. That is right.

The VICE PRESIDENT. The present occupant of the Chair was not here at that time; but he is informed that there was an agreement to take up the Senator's amendment after the other amendment was disposed of, and that has been postponed. The Chair is of the opinion that under the agreement the amendment of the Senator from Maryland is next in order.

Mr. TYDINGS obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Maryland yield for that purpose?

Mr. TYDINGS. Yes; I yield.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kendrick	Smoot
Austin	Dickinson	Keyes	Steiwer
Bailey	Dill	La Follette	Stephens
Bankhead	Fess	Logan	Thomas, Idaho
Barkley	Frazier	Long	Thomas, Okla.
Bingham	George	McGill	Townsend
Blaine	Goldsborough	McNary	Tydings
Bratton	Hale	Metcalf	Vandenberg
Brookhart	Harrison	Morrison	Wagner
Broussard	Hastings	Moses	Walcott
Bulkley	Hatfield	Norris	Walsh, Mass.
Capper	Hayden	Nye	Walsh, Mont.
Caraway	Hebert	Reed	Watson
Carey	Howell	Robinson, Ind.	Wheeler
Cohen	Hull	Sheppard	
Connally	Johnson	Shortridge	
Copeland	Jones	Smith	



The VICE PRESIDENT. Sixty-five Senators have answered to their names. A quorum is present. The question is on the amendment proposed by the Senator from Maryland.

Mr. TYDINGS. Mr. President, I dislike very much at this late hour to tire the Senate or ask the Senate to listen to any humble remarks of mine; but the amendment I have offered is offered in the best of faith, not as a wet or a dry amendment, but as a very humble attempt on my part to anticipate the conditions of next winter, and to provide some means of alleviating the suffering which we all know will take place.

I say it is not a wet or a dry amendment because the alcoholic content of the beer which it would legalize is fixed at 2.75 per cent; and I shall endeavor to show by competent authority that that alcoholic content does not transgress the field of the eighteenth amendment.

The amendment provides three things:

First, it provides for a bond issue of \$1,500,000,000. The proceeds of that bond issue are to be used to construct the public works which the Congress has already authorized, and which will be built anyhow in the next 10 or 15 years. In addition to the amount authorized by Congress, it provides \$400,000,000 for additional good roads, for river and harbor projects, and for flood-control works, so that the total is \$1,500,000,000.

How are we going to pay off this bond issue? Obviously, in my judgment, it would be a mistake to borrow more money at this time without creating in the instrument authorizing the bond issue the means of amortizing or paying it off; and the method provided in the amendment is to tax 2.75 per cent beer. All of the revenue derived from a tax upon beer would be ear-marked and would go into a special Treasury fund to be used to pay the sinking fund each year and the interest on the bond issue.

The amendment provides that the bond issue of a billion and a half dollars shall be paid off at the rate of \$150,000,000 a year, or one-tenth each year; so that we would need, for sinking-fund and interest requirements, about \$200,000,000 per annum.

Will this tax on beer produce this amount of money? Let us look and see. In 1914, with the population of our country very much smaller than it is to-day, for that was nearly 20 years ago, the Census Department reports that 1,980,000,000 gallons of beer were consumed. A tax of 24 cents per gallon, therefore, would yield a revenue of \$500,000,000 annually, assuming that the beer would meet the approval of those who want to drink. I shall come to that part of the subject later.

If in 1914 the people of America consumed, in round numbers, 2,000,000,000 gallons of beer, they would have to consume now only 800,000,000 gallons, or 40 per cent of the consumption of 1914, to produce sufficient revenue to amortize the bond issue and meet the interest charge each year. In other words, if the people consumed to-day less than half the quantity of beer they consumed in 1914, sufficient money would come into the Treasury from the tax on the beer to pay off the entire bond issue without any other form of taxation whatsoever.

What kind of a situation is ahead of us? Every man here knows that there are from seven to ten million people unemployed in this country. The pity of it is that they have been unemployed for about a year. Every man here knows that the community funds next winter will not be sufficient to deal with the needs. There will be in New York City, for example, 800,000 men without food, clothing, or lodging. What is to be done about them? Can they eat the bricks? Can they eat the telegraph poles? Will they remain quiet and orderly and law-abiding while they and their children suffer for the necessities of life?

It is warm now, and the community funds have not quite broken down. There is time to act. I do not want to be an alarmist, or issue statements which may cause fear in the country, but I believe in facing the facts. If we do not act now, when the snows of next winter fall it may be too late to act rationally, and my prediction is that just as

surely as the sun rises and sets, dole bills, personal dole bills, will be introduced in Congress, and I shall be very much surprised if one of them is not enacted into law.

What are we going to do, if we do not do what I suggest? Many of the cities and counties and States now say they have not the funds with which to deal with this very pressing problem. That refers to the present. We know that three-fourths of a million farms have been sold under mortgage foreclosures, and for delinquent taxes, in the last two years. We know that about 4,800 banks have failed. We know that there is a fear spreading over this entire country like a dark cloud, and thoughtful men are hoping for the best but in the back of their minds there is the specter, the idea, the thought, that if we do not deal somehow with this great problem before next fall and winter come, serious consequences may ensue.

Even if my amendment were to transgress the eighteenth amendment—and I do not think it does, and if it does at all, it does it but very slightly—I would much rather whittle off that little bit of a corner of our Constitution than to see riot and disorder and crime break out, which would be the result of not adequately providing for the unemployed.

The eighteenth amendment is obnoxious to me. It is no pleasure for me to stand here and ask the Senate to vote 2.75 per cent beer. I am opposed to prohibition absolutely. I am sacrificing what I believe to be the right solution for this problem, namely, the repeal of the eighteenth amendment, in the hope that I can set up an alcoholic content which every dry person here could vote for, because it would be nonintoxicating in fact. Later on I shall read statements from distinguished members of the chemistry department of Johns Hopkins University, of Yale University, of Princeton University, of the University of Pennsylvania, from men who stand at the very pinnacle in the chemical and the medical professions in this country, the leading physiologists, to show that the alcoholic content of 2.75 per cent is not in fact intoxicating, and therefore that it does not contravene the eighteenth amendment.

As I said, I do not view this measure as a wet measure at all. The ultradry may smile and think it such. I view it as an honest attempt, within reason, dealing with the human factors engaged in the solution of the tax bill, the Senators who are sincere prohibitionists and those who are sincere wets, to try to find whether there is not some common meeting ground where we can all unite, without the surrender of principle, in an effort to take care of the 10,000,000 unemployed in this country.

I pause here long enough to ask, who has a plan to take care of the unemployed? Is there a plan pending in the Senate? No one has a plan; and if some one has a plan, where are we going to get the money to pay off the bonds which it will be necessary to issue to provide the funds for any work program? If we can not balance the Budget except by levying these oppressive taxes in the hour of our greatest depression, we can not pay off the bond issue then, which will be an additional debt, without creating some more taxes to get the money with which to amortize the bonds and to pay the annual interest they will bear.

If men are restive under this \$1,200,000,000 tax yoke, this new impost, this new burden, where are we to get the taxes, in all candor and honesty, to finance the \$2,000,000,000 bond issue to take care of our construction program?

Mr. REED. Mr. President, will the Senator yield?

Mr. TYDINGS. I am glad to yield.

Mr. REED. I suppose it indicates my ignorance, but I notice the amendment speaks of beer containing 2.75 per cent of alcohol by volume. What does that mean in percentage by weight?

Mr. TYDINGS. The percentage by volume is less than the percentage by weight. I am advised by leading men who have made chemical tests and have gotten the specific gravity of alcohol in a beverage beer state, as I recall—and I think this is accurate—that a beer which contains 4 per cent by volume contains 3.2 per cent by weight. So that in a 4 per cent by volume beverage, 80 per cent of the alcohol by weight would equal 100 per cent by volume.



Mr. REED. Is it not just the other way around, 2.75 beer by volume would be perhaps  $3\frac{1}{2}$  per cent by weight?

Mr. TYDINGS. Oh, no; 2.75 per cent beer by volume would be about 2.25 per cent by weight. Four per cent by volume would be 3.2 per cent by weight.

Mr. REED. If the specific gravity of the alcohol is greater than the specific gravity of the balance of the liquor, the percentage by weight would be greater than by volume?

Mr. TYDINGS. I do not think I understood the Senator's question. A beer which has an alcoholic content of 4 per cent by volume has an alcoholic content of only 3.2 per cent by weight.

Mr. REED. Then the specific gravity of the alcohol must be less than that of the balance of the fluid.

Mr. TYDINGS. That is right.

Mr. REED. So that the 2.75 per cent beer by volume means 2.25 per cent, or thereabouts, by weight?

Mr. TYDINGS. The Senator is correct.

Mr. REED. I thank the Senator.

Mr. TYDINGS. Mr. President, in order to bring home what I think are the serious factors of the pending amendment I may have to paint a very dark picture and appeal to the fears of Senators, which I do not want to do. I appeal to those fears only because, I am sorry to say, they are not ungrounded fears.

This country can not go on as it is going. I respect the man who is against my amendment. I can see where there is room for difference of opinion, but I have tried to draw the amendment so that there would be no difference of opinion, though I realize that there still may be, and I say to the man who is against my plan, "Are you prepared to vote a \$2,000,000,000 bond issue for the relief of unemployment, either in the form of construction work or what not?" If you say that you are, then I say, "Why balance the Budget? Why do you not vote the \$2,000,000,000 bond issue and take care of the deficit, because you will have to put the country practically in the same position as if we had not balanced the Budget at all. Or, if you want the \$2,000,000,000 bond issue, are you prepared to levy the new taxes which will be necessary to amortize it? And upon whom are you going to levy them? Where are you going to get \$200,000,000 a year—because that amount is necessary—and if the cities are now breaking down, and if the States can not deal with this problem, if we are soon to have to lend money to the States, every man knows that the initial loan will be only a drop in the bucket, that it will not even carry those communities until next fall. And when that money is gone, where are you going to get the next two or three or four or five hundred million?"

Believe me, Senators, the time to get ready for this situation, in my humble judgment, is now. Why should we not tax a beverage, which any man who has ever had any contact with drinking men must know would be intoxicating in fact only in the most extreme case, if at all?

I have here a letter from a professor at Johns Hopkins University. He says, "I am an average man. I have on many occasions consumed a quart of 4 per cent beer at a time, both upon an empty stomach and in conjunction with food and never yet have I felt the slightest traces of intoxication."

I have here sworn affidavits from professors of medicine at the University of Pennsylvania, others from Yale, others from Princeton, others from Columbia, some from western universities, some from southern universities, from high-class men, from men who do not make idle statements. One gentleman's affidavit which I hope to have in the morning, but the contents of which I think I already know, will show that he conducted experiments with different kinds of men, in different shape physically, to ascertain when a beverage would be intoxicating, and I am advised that even from drinking half a gallon of beer at one time containing 2.75 per cent of alcohol a man would not be intoxicated.

What can I do to convince the Senate that beer containing 2.75 per cent of alcohol is not intoxicating in fact? How can we prove it? Must we reach up in our imagination and take the figure one-half of 1 per cent, or shall we go to those

who have made biology their life work, those who have practiced medicine or taught medicine, and made that their life work, those who are chemists, and have made that their life work?

Is there any better evidence that one might get, any evidence that could be more truthful than the best evidence? As I said, this is not the wet bill. That is the last thing from my thoughts to-night. I am not trying to tear down the eighteenth amendment by getting a little opening wedge in this way. That may be accomplished, but it is not entering into my thoughts at all. Some who vote for my amendment may think it is but an entering wedge to end prohibition. I am seeking by it to end unemployment, and I am satisfied that only an idle gesture to relieve unemployment is likely to be made before this Congress adjourns. In my judgment we had better take care of these people now rather than to let this session die without such action, because the consequences may be graver than we imagine.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. Certainly.

Mr. WALSH of Massachusetts. The Senator has fixed the alcoholic content in his amendment because he believes liquid with that alcoholic content is not intoxicating?

Mr. TYDINGS. I do believe so.

Mr. WALSH of Massachusetts. Furthermore, he indicates, from information which has come to him from chemists and experts and students of the question, that they are satisfied that the alcoholic content named is not intoxicating?

Mr. TYDINGS. That is true.

Mr. WALSH of Massachusetts. I ask the Senator if there is not a third factor that is very important in determining the question of whether the percentage named in his amendment is within the provisions of the constitutional amendment and further indicates that the liquid with the content named is not intoxicating, namely, that prior to the passage of the eighteenth amendment practically all the States of the Union by statute fixed 3 per cent as the dividing line between intoxicating and nonintoxicating beverage? I ask the Senator if he has in mind as a fact the precedent established by all the States in fixing 3 per cent alcoholic content as the dividing line between intoxicating and nonintoxicating liquor?

Mr. TYDINGS. I think all the Senator has said is true. Just to digress for a moment I am going to read a bit, because I do not want to tire those who may do me the courtesy to listen. I have many affidavits of this nature, but I read this one now:

Hobart Amory Hare, being first duly sworn, deposes and says: "I. I reside at 1801 Spruce Street, in the city of Philadelphia, State of Pennsylvania.

"II. I am professor of therapeutics, materia medica, and diagnosis in the Jefferson Medical College, Philadelphia, and have been such for the last 28 years. Prior to that time I was demonstrator of experimental therapeutics in the University of Pennsylvania. During the last 28 years I have been visiting physician to the Jefferson Hospital and to other hospitals. I received the degree of doctor of medicine from the Medical School of the University of Pennsylvania in 1884, and bachelor of science in 1885. I am a member of the following societies: American Physiological Society, Association of American Physicians, American Medical Association, and the Pathological Society of Philadelphia.

III. I am the author of the following works: Text Book of Practical Therapeutics With Special Reference to the Application of Remedial Measures in Disease and Their Employment Upon a Rational Basis, octavo of 1,023 pages, seventeenth edition, published in 1918 by Lea & Febiger, of Philadelphia and New York, which said work has been translated into the Chinese and Korean languages; Diagnosis in the Office and at the Bedside, the Use of Symptoms and Physical Signs in the Diagnosis of Disease, octavo of 548 pages, seventh edition, published in 1914 by Lea & Febiger; Text Book of the Practice of Medicine for Students and Practitioners, octavo of 969 pages, third edition, published in 1915 by Lea & Febiger; National Standard Dispensatory, Containing the Natural History, Chemistry, Pharmacy, Actions, and Uses of Medicines, in conjunction with Charles Caspari, Jr., Phar. D., and Henry H. Rusby, M. D., octavo of 2,081 pages, third edition, published in 1916 by Lea & Febiger; and of various essays dealing with the action of drugs upon the human body.



To come to the point, if I may have the attention of the Senator from Utah [Mr. Smoot], I would like to have him listen to this one point. After reviewing in extenso the liquor question from an alcoholic-content viewpoint, Mr. Hare says:

These deductions are supported by the following practical observations: I have in times past taken as much as 1 quart of beer in one hour without any manifestation of intoxication, the said beer containing a higher percentage of alcohol than 2.75 per cent, by weight—

That is about 3.1 per cent by volume—

although I am not an habitual user of beer or other alcoholic beverages.

I have frequently observed many other persons do likewise.

He concludes:

From these personal experiences I am of the opinion that beer containing not to exceed 2.75 per cent of alcohol by weight—

Which is a little over 3 per cent by volume—

is not intoxicating under the legal definition of that term.

Here is another authority. Mr. John Marshall, who is professor of chemistry and toxicology in the University School of Pennsylvania, city of Philadelphia, and has been for 20 years past, makes a statement. He is a man of standing, a scholar in his profession, a man whom the medical profession, let alone the laymen, might look up to and listen to as speaking the truth, for he must have character to occupy such a position and also a knowledge of his particular profession. What does he say? Reviewing his experiments and his life, he said:

In view of the foregoing, I would not consider that beer with an alcoholic content of 2.75 per cent by weight should be regarded as an intoxicating beverage.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER (Mr. GLENN in the chair). Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. Certainly.

Mr. BROOKHART. If it is not intoxicating the booze buyers do not want it. Why is the Senator wasting his time then?

Mr. TYDINGS. Mr. President, I am not going to answer that remark, because I do not want this debate to get down to that plane. I want to say to my friend from Iowa that whatever his views or my views may be of prohibition, the last thing in my mind to-night is to try to lead him by indirection or by any false statement to go back on a single one of his beliefs. I am trying to show him where he can, without going back on those beliefs, help to take care of about 7,000,000 suffering souls in this country; and that unless he goes where the money can be obtained, almost any kind of a relief proposition, in my judgment, is going to be more of a false one than an actual one. I hope the Senator will not make that kind of comment in my time again, because the misery of 7,000,000 to 10,000,000 people unemployed next winter is worth any man's effort, even if some part of his premise may be false, which I hope mine is not.

Mr. BROOKHART. I shall not make any comments in the Senator's time unless he yields to me.

Mr. TYDINGS. I will yield to the Senator, gladly; but I do not want this debate to get down on the plane of a rough-and-tumble wet-and-dry basis. I never was more sincere in my life on any proposition than I am right now, and I invite my friend from Iowa to join with me, before Congress ceases its functioning at this session, to help to take care of those people, to give them hope, to give them bread. Bad as the prohibition question may be, or good as it may be, that is my impression about it.

Mr. BROOKHART. Mr. President, I will vote \$5,000,000 to give them bread; but I will not vote one cent to give them booze.

Mr. TYDINGS. If the Senator were to vote \$5,000,000,000 to give them bread, will he tell me where he would get the \$5,000,000,000? It is all right to vote it, but if we have \$2,500,000,000 already appropriated that is not in the Treasury, where will we get the other \$5,000,000,000? Will the Senator answer that question?

Mr. BROOKHART. Yes; I will answer that question. The United States Government has behind it resources which would amply justify such an appropriation. We had \$60,000,000,000 income last year during the height of the depression. The Public Utilities Co. of Baltimore set aside \$1,000,000 depreciation more than the actual depreciation of its property amounted to—

Mr. TYDINGS. Mr. President, I do not want to be rude to my friend from Iowa, but I can see now we are going off into a distant field. I will ask him if he will not take his seat, without any disrespect at all on my part, because I do not want to argue the question of public utilities now. That is something we will take up at another time.

Mr. BROOKHART. I was going to answer the Senator.

Mr. TYDINGS. I shall have to refuse to yield farther to the Senator from Iowa. I just want to say to the Senator from Iowa that he knows and I know that \$5,000,000,000 of new public debt at this time is likely to have repercussion if the means to amortize it and pay it off are not provided for in the measure which created it, which may cause even greater havoc than we have at the present hour. The merit of my particular proposal, if it has any merit, is that it not only creates the debt but in the very amendment itself it provides the means of paying off the debt, so that our Federal finances will not be shaken or weakened by such a large amount of money being taken out of the Treasury.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. Certainly.

Mr. BROOKHART. I really do not think, honestly and sincerely, it would have any more kick than the Senator's 2.75 beer.

Mr. TYDINGS. It will not have as much kick as the 7,000,000 unemployed will have next winter when they are without food and clothing because the Senator from Iowa would not help me at this time to provide for them.

I should like to read another statement. Here is another from Mr. William John Gies. He resides at 609 West One hundred and fiftieth Street, New York City. He is professor of biological chemistry in the school of medicine at Columbia University. I shall not review his life nor the numerous books he has written nor any more of his background, but merely read what he says:

As the capacity of the human stomach of an adult, even when moderately distended, ranges from 3 to 5 pints, it is manifest that any intoxicating quantity of 2.75 per cent beer could not be taken under ordinary conditions, especially with food accompanying it or already in the stomach. I am therefore of the opinion that beer of alcoholic content of 2.75 per cent by weight is not an intoxicating beverage.

I might go on and multiply the evidence. I have sent out numerous letters to chemists, to physiologists, to physicians. Later I shall ask that I may insert in the RECORD other evidences which I have gathered and which I do not care to take the time now to read.

Mr. President, if this were a bill to place a bond issue of \$1,500,000,000 upon the Government, just to take it out of the Treasury, there might be men in this body who would say that would further unsettle our finances, it might bring on additional fear, and might cause public unrest. But this amendment of mine provides an adequate amount of money without any other sources of revenue whatsoever to take care of a sinking fund of \$150,000,000 a year, and the interest on the outstanding bonds, so that at the end of 10 years the revenue from one source would furnish sufficient money to take the whole bond issue off the books of the United States Government without any new taxes on anyone.

I read the other day of the President's plan, in which the idea was conveyed to the public that he favored financing some classes of public works. For example, as I understood, if a bridge could be built and tolls could be collected to liquidate the money advanced by the Government, such a project might receive Federal beneficence and assistance.

I feel that it is not advisable for the Government to get out into various kinds of private businesses; we have got to draw the line somewhere, and, for my part, I am about



reached the point where I do not care to vote further appropriations to any business. Nobody is making any appropriations to my business or to the business of the Senator from Nebraska or to any of his farmer friends or to my business friends. They are hustling for themselves. I do not believe it is a sound principle for the Government to be appropriating money for private business, though it might have been justified on the ground of expediency at a moment when grave consequences loomed ahead; but we have gone about as far as we can go in that direction. If that be the case, how can we liquidate any other bond issue?

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. I want to say to the Senator from Maryland that in the suggestion I am about to make I am not for a moment questioning the sincerity of the Senator's proposition, and I am not, at least for the sake of the argument, I will say, questioning but that it would work; but the Senator has several times said that there was no other plan, that nobody had a plan to take care of the unemployed. It is for fear that I might be misunderstood if I remained silent that I venture to interrupt the Senator.

Let me say before I suggest the plan I have in mind that I think I realize very fully that no man—at least, I am not one—in the present crisis suggests any plan which under ordinary circumstances he himself would support; in other words, we are in such a condition that, if we are going to meet it, I think we will be required to suppress our own ideas if we wish to come anywhere near getting something that will work, or that we think will work, and we will even be obliged to favor things that under ordinary circumstances we would not think for a moment of supporting.

So I want to call the Senator's attention to the plan I am about to suggest, though I think, without criticizing him, it will meet with his opposition, and I know that his opposition will be in the best of faith. Last winter, when we first convened, it seemed at that time that we ought to provide measures to relieve the unemployment situation, and if we had done so, by now two or three million men who are idle would be at work on whatever plan we might have devised and started.

In a bill introduced by me I proposed the issue of \$3,000,000 of bonds. I provided therein for what I thought would be a proper method to meet the sinking-fund requirement and meet the interest, just as the Senator from Maryland has done. My method for meeting the interest on those bonds and creating a sinking fund for their retirement was to provide for the levy of an income tax in addition to the income tax then existing by law, running it up to a rate somewhere near the rate provided in the amendment on which we voted yesterday which was proposed by the Senator from Michigan [Mr. COUZENS]. It further provided that more of the money necessary should be raised to pay those bonds and the interest by a similar increase in inheritance taxes.

My idea was that we could put the unemployed to work; that we would have them at work by now; and that the taxpayers, outside of those two classes, who were taxed would not be called upon to pay any of the interest or the principal of any of those bonds, although the bonds were, of course, an obligation of the Government. I think that if the bill had been enacted it would have raised much more money than necessary to pay the bonds off at the same rate that the Senator proposes to pay the bonds off under the amendment that he has now offered.

Mr. TYDINGS. I think that is true.

Mr. NORRIS. The Senator from Maryland would not have supported that kind of a proposition?

Mr. TYDINGS. No; I would not have done so then.

Mr. NORRIS. I will say the same about the Senator's proposition. I would not support it now, but I can conceive of conditions under which something of the kind might be necessary. However, I did not get anywhere with my propo-

sition. In the first place, it was directly opposed by the administration, I think in good faith; I am not finding fault with anybody. Members of the Senate with whom I talked and whom I interviewed, as a rule, were opposed to it and did not think it was necessary. The Finance Committee, to which the bill was referred, gave it no attention whatever. I realized at once that the country would have to get in a worse condition than it was last fall, no matter how much I believed in my plan, before I could get to first base with it.

Later on came the La Follette-Costigan bill, which was somewhat along the lines of my own. I do not think that that bill would have brought the relief that mine would have brought, by any means, but I thought it was a good bill, so far as it went, and I gave it my hearty support. The Senator knows what happened to that measure. Senators here defeated it on a roll call. I thought it was a terrible mistake. The administration opposed that bill. The administration then was opposed to any kind of Federal activity that went directly to the relief of the distressed.

So here we are all disagreeing. Things may get so bad that we will all come together at some time. I may be for the Senator's proposition, because even if it should repeal the Volstead Act, if I thought that was necessary in order to save the country I would not hesitate to vote for it; I would rather save the country "wet" than to have it ruined "dry." At the same time, however, my idea at the present is that that is not necessary. It seems to me that we ought to show a greater willingness, conceding the good faith of every Member of the Senate, to compromise in view of the conditions the Senator has so eloquently outlined. I refer to the situation that is confronting us. I agree with every word the Senator has said about that situation. I do not think he exaggerates it in any way. I believe with him that it is a terrible condition, one as bad as ever confronted any civilized nation in time of peace. It requires statesmanship, it requires patriotism, it requires that men should be willing to sacrifice their own beliefs and to compromise and to vote for things in which even they do not believe in ordinary times.

I did not want the occasion to go by for fear my silence might be taken by some one as an indication that I or others had no plan to offer. I still think that the plan proposed by me is good. I think it would have relieved the situation. I dislike to vote bonds just as badly as anybody; I think I have that kind of a record in all my public life; but I realize that when a patient is very sick we sometimes have to resort to desperate measures to save the life of the patient, and that is the way with our country.

Mr. TYDINGS. I will say to the Senator that one of his observations impressed me very much. In talking over this proposition with many men, who would like to evolve some satisfactory solution, I have been impressed that usually there are four or five in a group who have one idea and four or five in another group who have a different idea, but there is not sufficient give and take to cause a sufficient number to back any one idea. Like the Senator from Nebraska, I can see over and over again a growing likelihood that sheer force of circumstances will in the end drive many to favor measures which in times gone by they would have opposed. That is the reason I am trying to plead for my own plan to-night, and furthermore I feel that it will do as little harm to the financial fabric as any measure which can be devised. Even the plan of the Senator from Nebraska, which I think is as sound and as straightforward as any of which I know, would tax to a greater extent people who are already taxed. That is perfectly right, but, in my plan, what I thought would give it especial merit was that it would not tax any honest people, so called, who are now not being taxed. It would simply transfer from the bootlegger or the racketeer a large portion of his business.

To illustrate, I am advised on making inquiry in numerous places that a bottle of illegal beer costs about 25 cents, and even as high as 35 cents. The tax proposed to be placed on such beer by the amendment is only 3 cents a pint. I learn from brewers that for the average quality of beer, the beer plus the tax, would make the bottle sell for only 10 cents.



So that those who are now drinking illegal beer or making it themselves would be put to no greater expense than they are now being put; in fact, they would not spend so much. It looked to me that by adopting this legal method, as I see it, and taking this money, we would be plucking the goose without making him squawk, so to speak.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Montana?

Mr. TYDINGS. I yield.

Mr. WHEELER. I was going to say that during an investigation of the Department of Justice a few years ago the testimony showed—and it was uncontradicted—that in the various places throughout the United States breweries were running and turning out beer, and that certain Government and city officials were collecting, if my recollection serves me right, from \$1 to \$2 a barrel on such beer. They were getting tremendously wealthy. That was not only going on in Chicago but it was going on in places in New Jersey, and it was going on practically all over the United States, where illegal beer was being made. The people who were getting the benefit of it were the men who were engaged in this illegal business, together with the grafters who were in the Government service in the Prohibition Enforcement Service and in the employ of municipalities.

I submit that it would be much better for the Government to permit 2.75 per cent beer, which is not intoxicating, to be made, and for the Government to get the benefit of a tax on it to help the unemployed, than to allow the bootleggers to profit and others to obtain graft for permitting the breweries to run.

Mr. NORRIS. Mr. President—

Mr. WHEELER. If the Senator will pardon me a minute, they told us the story of how they went in and put padlocks upon breweries in one or two instances, and while the padlock was on the brewery they had people down there watching it. They had a padlock on the front door, but the brewery was still turning out beer, and the same people were still getting the rake-off. That testimony came from responsible people before the committee, and was uncontradicted before the committee.

Mr. NORRIS. Mr. President, will the Senator from Maryland permit me to ask the Senator from Montana a question?

Mr. TYDINGS. With pleasure.

Mr. NORRIS. I think it would throw much light on a question about which there is probably considerable doubt, as to whether or not the making of beer with an alcoholic content of 2.75 per cent would stop the bootlegging business, to ask the Senator if he can tell us the alcoholic content of this beer that he speaks of which was made illegally.

Mr. WHEELER. I do not recall now what the testimony was as to the alcoholic content, but it was intoxicating.

Mr. NORRIS. Then it was probably stronger beer than 2.75 per cent, as provided for in the amendment of the Senator from Maryland.

Mr. WHEELER. It was undoubtedly stronger.

Mr. NORRIS. Would those people, dealing in that kind of beer, cease the business? In other words, would their patrons to whom they must sell it be satisfied with the 2.75 per cent beer and not patronize the bootleggers any longer?

Mr. TYDINGS. Mr. President, will the Senator from Montana allow me to attempt to answer the Senator from Nebraska?

Mr. WHEELER. Certainly.

Mr. TYDINGS. I do not want to take the Senator from Montana off the floor if he wants to ask a question.

Mr. WHEELER. That is all right.

Mr. TYDINGS. But at this point I shall have to introduce some prejudiced testimony. I shall have to give the opinion of the men who made the beer before prohibition. I want to be candid enough to say that I naturally imagine, being human and knowing brewers, that perhaps their testimony would be colored, but I hope it is not. But, for whatever it may be worth, I should like to read one or two telegrams which I sent yesterday to some of the leading

breweries to ask them, in case this beer were legalized, whether in their judgment the consumption to-day would approach the consumption of 1914, which was about 2,000,000,000 gallons.

I have an answer first from Anheuser-Busch, one of the most famous breweries in the world:

In answer to your inquiry May 14, it would be difficult to determine comparative consumption of 2.75 beer by volume with 1914 consumption. Federal Government on August 10, 1917, limited the alcoholic content of beer to 2.75 by volume. Nineteen hundred and eighteen consumption of beer of that alcoholic content was 50,266,000 barrels.

That was during a year, I may say to the Senator from Nebraska, when we actually had 2.75 beer as the beer sold in the country, as compared with 66,000,000 barrels in 1914. In other words, 90 per cent as much beer of 2.75 alcoholic content by volume was sold in 1918 as of any content of beer sold in 1914. I think that fairly well answers the question.

Mr. WHEELER. Mr. President, I was going to say to the Senator that my information is that this bootleg beer was being sold, and is being sold at the present time, for around \$55 a barrel. When it was manufactured legitimately the brewers paid about \$4 a barrel tax on it, I think, and they sold it for about seven or eight dollars a barrel. The biggest part of the difference between the seven or eight dollars that they sold it for then and the \$55 goes in graft to city, county, State, and Federal officials.

If we want to stop this racketeering, and if we want to put out of business the bootlegger and the corruptionist, it does seem to me that every person who is actually interested in prohibition could very well afford to vote for 2.75 per cent beer, because I am satisfied that most or many of the brewers who are operating now illegally would gladly get out of the illegal business and go to making 2.75 beer, rather than to be held up by these racketeers and these city and county and State and Government officials. On top of that, I am satisfied that most of the people who are now using bootleg beer would drink the substitute rather than to pay the exorbitant prices they are now paying for bootleg beer.

Mr. TYDINGS. I thank the Senator; and I believe myself that if this measure had no construction program at all, the average well-meaning and sincere believer in the eighteenth amendment is helping to defeat his own purpose by drawing the restriction down this low. It is my firm belief that if we could have a fairly satisfactory beer that was not intoxicating in fact, but contained sufficient alcohol to cause the person who consumed it to feel a little exhilaration after drinking it, most of the people would rather have it in place of the very unwholesome and quite often deleterious fluids which are being drunk in the name of beer.

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Illinois?

Mr. TYDINGS. I yield to my friend from Illinois.

Mr. LEWIS. I seek this privilege that I might inform our dear friend the eminent Senator from Nebraska [Mr. NORRIS] as to the real situation in his State, as expressed by public proclamation upon this question.

A short while ago it was my privilege to be defeated in the Federal court at Omaha in a very long proceeding; and as the days went on my eyes were regaled by seeing, back of the Federal court, in one of these soft-drink parlors, the outward sign flashing to the eyes of the tribunal as follows:

Near beer for sale here;  
No real beer near here.

[Laughter.]

Mr. TYDINGS. Mr. President, I am reluctant to introduce these telegrams from the various breweries in the country; but obviously these men would be gaining no advantage in saying that the consumption, in their judgment, would be so and so if the consumption would be less than that, because it would not do them any good; it would not start their breweries unless the consumption followed, and I believe these estimates are accurate, certainly in the case of the Anheuser-Busch brewery. They show that during the one year 1918, when 2.75 per cent beer was ordered by the Gov-



ernment in place of the beer of higher alcoholic content, 90 per cent as much beer was consumed as during the year 1914, when the alcoholic content was higher, because the Busch people refer to the Government statistics; and they say that in 1918, during the war, 55,000,000 barrels of 2.75 beer were consumed, as against 66,000,000 barrels in 1914.

I think that is a fairly accurate answer to the question the Senator from Nebraska asked the Senator from Montana a while ago.

Mr. NORRIS. I think it is.

Mr. TYDINGS. Those are Government statistics; and, fortunately, during the war in 1918, we limited the alcoholic content of beer to that extent.

Mr. NORRIS. Yes. We did that on the ground and on the theory that we were controlling the production of food in this country for the Army.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TYDINGS. In just a moment I will yield, if the Senator will bear with me.

May I point out this fact:

One of the difficulties with the illegal beer to-day, so far as business is concerned, is that because it is illegal it is not shipped over the railroads or it is not shipped in trucks, as a rule, for long hauls. During the war Dr. Irving Fisher was the president of the National War-Time Prohibition Association, and he appeared here before the Food Control Committee of the Senate. Doctor Fisher was showing, if brewing could be eliminated altogether, how many freight cars it would release for transporting war materials; and this is what he said:

TRANSPORTATION REQUIRED BY BREWERIES

	Tons
Raw material, 3,000,000,000 pounds of foodstuffs, equals.....	1,500,000
Required coal.....	3,000,000
Product, 60,000,000 barrels.....	9,000,000
Total on teams and cars.....	13,500,000

All of which require hauling, and over one-half of which require railroad transportation. This requires over 200,000 freight cars during a year, and uses several hundred locomotives constantly, and increases freight congestion.

Doctor Fisher said that if we could eliminate the breweries, we would have that many freight cars and that many locomotives available to haul the war supplies. So if the movement in 1918 was to cut out all but the absolute essentials of life in order to make every transportation facility available, if we could reverse that process to-day we could use annually 200,000 freight cars and several hundred locomotives which now are not being used at all. So that there is an incidental amount of work which, in my judgment, would flow from the legalizing of 2.75 per cent beer.

Moreover, Mr. Deets Pickett, the research secretary of the Board of Temperance, Prohibition, and Public Morals over here on the hill, appeared before the committee, and here is what he said:

In the United States census reports for 1910, volume 8, page 363, the consumption of coal by the brewing industry for the year ended June 30, 1909, was shown to be 2,990,357 tons, or three and one-half times as much as the packers used, six times as much as the printers and publishers used, nine times as much as the manufacturer of boots and shoes used, twenty-five times as much as the manufacturers of men's clothing used.

My point in quoting that is this: Look at the coal miners to-day, destitute, out of work. They would be used to dig out these 3,000,000 tons of coal. We would not violate the Constitution, either, and we would furnish an indirect amount of work to a lot of people who would not be employed on building these Government projects.

I now yield to the Senator from Montana.

Mr. WHEELER. Mr. President, I dislike to interrupt the Senator's very able and very interesting argument, because I believe that if the Members of the Senate who are really interested in prohibition would vote their honest convictions, there is not any question but that we would adopt the Senator's amendment. I want to call his attention to the fact that we are getting an inferior quality of beer to-day. The person who goes and buys beer to-day does not know whether he is getting beer that is poisonous or not. For

instance, in my home State of Montana I know that there is a great deal of beer imported from Canada, or there used to be when they had money enough. Before this "Hoover prosperity" struck the country, when they had a little money, they used to import and bootleg in a great deal of beer from Canada. This Canadian beer came into the State, and much of it had been etherized, I think, in order, as somebody said, to give it more kick.

If the people of this country knew that they could get a really decent beer, with 2.75 per cent alcoholic content, there would not be any question, in my judgment, about their using that in preference to the inferior beer that is manufactured by the bootleggers of the country. It would stop racketeering in all of the great cities of the country to a large extent, and, in addition to that, it would bring in a tremendous amount of revenue.

Mr. TYDINGS. I think the Senator has brought out a very forceful point there, namely, that when the sale of beer was legal, the consumption of beer competed with that of wines and liquors.

Mr. WHEELER. Certainly.

Mr. TYDINGS. People would rather drink something that was decent and clean and wholesomely good and not intoxicating in fact than the concoctions which are flooding the country from one end to the other.

Mr. WHEELER. On top of that, if I may suggest it to the Senator, one thing we are doing is to drive the people of this country to become hard-liquor users, and they are drinking those things because it is much more difficult to go out and buy beer and have it around than it is to go and buy a pint of bootleg whisky or moonshine, or whatever they are drinking. The result is that the young men are going out to dances and are taking a bottle of moonshine whisky along, a practice which is simply wrecking the youth of this country. I say upon the floor of the Senate without fear of contradiction that, in my judgment, every person who is honestly interested in prohibition and in common decency in this country should vote to give the people of this country beer with only 2.75 per cent alcoholic content, because I think it would have a fine moral effect upon the youth of the country and upon the country generally; it would bring in a tremendous amount of revenue and, as I said before, it would, to a large extent, put out of business the racketeers and those people who are making money on the beer that is being sold now by the bootleggers for \$55 a barrel, whereas previously beer brought \$7 or \$8 a barrel.

Mr. TYDINGS. Mr. President, I do not want to discuss prohibition as such. I do not want to get into the prohibition situation. I have tried to refrain from getting into that subject at this time. But if I may make just one exception to that rule, I would like to point out something the Senator from Montana suggested.

About a year ago I wrote to the chief of police of the District of Columbia, here in Washington, and asked him if he had records showing the number of arrests of persons under 21 years of age for drunkenness in the District. He sent me the records by years, and those records showed, may I say to the Senator from Montana, that over five times as many persons under 21 years of age were arrested for drunkenness each year during the 10 years following the adoption of prohibition as were arrested for drunkenness for the 10 years preceding that time.

Without getting into a prohibition discussion, let me say that this is the Capital of the United States; there are no factories here, or criminal rings, as such, or gangsters, as we know there are elsewhere; there is no political machine; no corrupt organization of any kind, Democratic or Republican or what not. The conditions in the Capital are detached and removed, and the atmosphere here is one less conducive to crime than in any other city in the country. Moreover, it is under the direct control of the President and the Congress of the United States. We can pass any law, we can put any number of men to work here that we want to to enforce the law.

With that the situation here in Washington, in the Capital of the country, where the conditions are the most favorable,



would it not be wise to experiment a little by legalizing a beer not intoxicating in fact, but to go to the limit in the hope that as a beverage we might induce some of the people—and if we induce only a small part of them, it will be worth while—to drink this thing which is pure and wholesome, which would be dispensed under wholesome conditions, where the bottles would be washed, where the beverage would be prepared under the provisions of the pure food and drugs act, and where it should be wholesome at any rate? The hope would be to influence the people to drink such a beverage in place of many of the vile things which they are drinking in the name of beer.

The real purpose of this amendment is not to legalize beer. The purpose of it is to provide the means for furnishing a sum of money, without additional taxation, which will be specially earmarked, which will go into a particular fund in the Treasury, and can not be used for any other purpose, dedicated to the sole purpose of paying off the construction bond issue; and if the amendment is adopted, within a very short space of time we can have a billion five hundred million dollars' worth of construction projects under way all over this country.

If there were 5,000,000 people unemployed, and they should all receive a proportionate amount of this so-called construction money, it would mean only about \$30 for each unemployed man. I do not think we can take up the slack of every unemployed man, but the point is that the man who would get employment out of the fund, with the money he received would buy a pair of shoes or a hat or a suit of clothes, which in turn, would start to draw the supply of shoes, hats, and clothes which now remain unsold off of the shelves, and in turn create a demand for all commodities, which over a period of a year would do a great deal to take up the business slack and start the country toward more prosperous times.

I do not plead for beer; I ask for consideration of the people who are without work. I plead for the taxpayer from whom, if we do not get this money from a tax on beer, we will have to get money in the form of additional income taxes or sales taxes or excise taxes. I ask that that man be spared, and it is my belief that we can spare him, because this revenue of 24 cents a gallon, in my judgment, will yield between four and five hundred million dollars annually, which will be more than enough to take care of the sinking fund and the interest requirements, and which will leave about \$200,000,000 over for general Treasury purposes.

Mr. KING. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. KING. I have been detained from the Senate, and do not know whether the Senator has discussed the question I am about to suggest, and if so, I hope he will pardon me.

Many of the States, as the Senator knows, have prohibition statutes which prevent the vending of liquors having an alcoholic content of more than one-half of 1 per cent. Does the Senator believe that if his amendment were enacted into law, it would supersede State statutes, and that within States which have prohibition statutes such as I have mentioned, beer might be sold?

Mr. TYDINGS. I think that the Senator and all the rest of us can agree upon the thought that the States can not enlarge the alcoholic content prescribed by the Constitution, but they can further restrict it, and it is my thought that if a State has so restricted it, neither liquor nor beer nor anything else like that can be sold in that State if it transgresses the State law, notwithstanding the Federal Government permitted it by law.

Mr. KING. The Senator has stated the legal proposition very clearly. In view of the fact that most of the States, as I am advised, have statutes prohibiting the manufacture or sale within their borders of beverages containing 2.75 per cent alcoholic content, it would follow, it would seem to me, that the quantity that could be manufactured and sold legally under the Senator's provision would be very much less than he has suggested.

Mr. TYDINGS. During the absence of the Senator I read excerpts as to the situation during the time we had national

prohibition and when 2.75 per cent beer was permitted by law, and the only beer that was permitted by law, which showed that 90 per cent as much of that beer was consumed as was consumed in 1914. As a matter of fact, it was really 100 per cent, because statistics show that from 1910 on down to prohibition the consumption of all alcoholic beverages was getting less and less each year. So that really if that curve were followed from 1914 to 1918, the consumption would have been seen to be about the same in each year.

Mr. KING. Has the Senator made sufficient investigation to be certain as to the limit of alcoholic content which would not be intoxicating?

Mr. TYDINGS. I would like to say to the Senator that prior to his entrance into the Chamber I read from the most celebrated medical authority in the country, the dean of medicine at the University of Pennsylvania. I will refer to some of the other statements I read.

I read from William John Gies, who is professor of biological chemistry in the school of medicine of Columbia University. I read from the statement of John Marshall, who is professor of chemistry and toxicology in the medical school of the University of Pennsylvania. I read also a statement by Hobart Amory Hare, who is a professor of therapeutics, materia medica, and diagnosis in the Jefferson Medical College at Philadelphia, and also the author of numerous books. I read from other equally eminent gentlemen, all of whom claim that both by experimentation and by observation they believe that 2.75 per cent beer is not intoxicating. I submitted that no one could get any better evidence, either in opposition or support of my contention, than I myself have provided in these affidavits.

Further than that, I may say to the Senator that shortly after the Volstead Act was adopted a man was indicted in the city of Baltimore for violating the Volstead Act, charged with selling beer. That case was carried to the Supreme Court of the United States, and that court decided that unless it were shown that the product which was sold was intoxicating in fact, a demurrer to the indictment would lie. One of the best lawyers in our State, Mr. William L. Marbury, at one time a candidate for the Senate and a very esteemed and revered member of the bar, was counsel in that case, and in talking with him to-day he referred me to Doctor Abell, of the Johns Hopkins University, who has conducted a number of experiments in reference to the alcoholic content of liquors, and as to when beer is intoxicating; and while, unfortunately, I have not Doctor Abell's letter here to-night, I know his experiments show that 2.75 per cent of alcohol by volume is not intoxicating.

Therefore I ask with sincerity those who actually believe in prohibition, as well as those who may oppose it, why should they withhold their votes, when, by a tax of 24 cents a gallon on this perfectly legal beverage, we could provide the means of amortizing a billion five hundred million dollar bond issue for public construction, without levying one additional dollar on the taxpayer, and provide two to three hundred million dollars extra for general Treasury purposes as well?

What excuse can there be, with from seven to ten million people unemployed in this country, for withholding support from this measure, which would give them self-respect, give them and their children and their wives food and shelter and clothing, rather than permit them to become objects of charity, when we all know that charity funds are soon going to be exhausted, and that in some of the large cities there will be hundreds of thousands of people unprovided for, no work to be obtained, and when we know what the consequences of that situation will be? That is the choice we have.

Mr. WALSH of Massachusetts. Mr. President—

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. Certainly.

Mr. WALSH of Massachusetts. I think the Senator ought to point out to the Senator from Utah what was stated before he entered the Chamber, namely, that practically all the States fixed the alcoholic content of what were not



intoxicating liquors at less than 3 per cent. That seemed to be the general understanding and the precedent that was established by all the States—that where the alcoholic content of liquor was less than 3 per cent it was not intoxicating.

Mr. KING. What I am about to state is not intended to lend support to the position of the Senator, but it has some relevancy to the matter under discussion. I was on the subcommittee of the Committee on the Judiciary, to which was referred the so-called Volstead bill after it was introduced in the Senate. We call it the Volstead Act, but it is generally understood that it was drawn by Wayne B. Wheeler, representing the Anti-Saloon League. It was then offered in the House by Mr. Volstead, he being chairman of the House Judiciary Committee, and the then Senator from Minnesota, Mr. Nelson, now deceased, who was chairman of the Judiciary Committee in the Senate, offered it in this body. I was a member of that committee at the time and a subcommittee of five was named. Senator Cummins, Senator Nelson, chairman of the Judiciary Committee, and Senator NORRIS were the three Republicans, and the Senator from Montana [Mr. WALSH] and myself were the two Democrats.

The subcommittee conducted hearings and received considerable testimony as to what was "intoxicating liquor." My recollection is that the testimony was uncontradicted and established that beverages containing 2.75 per cent were not intoxicating. Mr. Samuel Untermyer was present representing a number of persons who were contending that beverages containing not exceeding 2.75 per cent were not intoxicating, and therefore not within the terms of the eighteenth amendment.

Mr. TYDINGS. By weight or volume?

Mr. KING. By volume, I think. Mr. Samuel Gompers, president of the American Federation of Labor, was there. A number of persons who had conducted experiments and who had scientific knowledge testified, and, so far as I now recall, they were unanimous in holding that 2.75 per cent alcoholic content by volume was not intoxicating. In view of that testimony, I moved in the committee that the alcoholic content be fixed in harmony with the testimony adduced before the committee. My motion was defeated not only in the subcommittee but also when offered in the full committee.

I took the position that under the eighteenth amendment Congress was authorized to deal only with alcoholic liquors that were intoxicating in fact and used for beverage purposes. In my opinion, alcoholic liquors for medicinal purposes were not within the constitutional amendment. I voted against the Volstead Act in committee because I believed it to be unconstitutional. I did not believe the Supreme Court would affirm the validity of an act that declared a beverage to be intoxicating when it was not intoxicating and its non-intoxicating quality was universally admitted. I could not conceive of the court upholding as a fact a legislative declaration that was not a fact, and that was known to be not a fact. However, the Supreme Court held that the act was constitutional, as it subsequently held that the so-called medicinal beer bill was constitutional. That bill forbade the use of beer for medicinal purpose, although whisky could be prescribed for medicinal use.

The eighteenth amendment did not confer upon Congress the authority to prevent the use of alcoholic liquors for medicinal purposes, and yet Congress enacted a law which went that far, and the Supreme Court sustained it.

Mr. TYDINGS. I certainly want to thank the Senator for bringing out the situation as to how the limit of one-half of 1 per cent was fixed. Before the Senator leaves that may I point out to him its absurdity by showing him with short increases how ridiculous the one-half of 1 per cent is. Assuming that one-half of 1 per cent is not intoxicating, let us say we increase it to five-eighths of 1 per cent. That is not intoxicating, either; but let us go one step farther. Let us go to three-quarters of 1 per cent or six-eighths. Let us go then to seven-eighths of 1 per cent, and so, finally, no matter which procedure we use, we must reach a point above one-half of 1 per cent, where the line of division is

reached between what may fairly be called intoxicating beverage on the one hand and nonintoxicating beverage on the other.

All I am attempting to do, as the Senator has so well shown in the experience which he had at the time the Volstead Act was considered, is to fix the limit where every dry, where every prohibitionist, where every believer in the eighteenth amendment can join with me and support the amendment to bring relief to the unemployed.

Mr. KING. If the Senator will pardon me further, I took the position then that if Congress by legislation could declare something to be a fact that was not a fact, if it could declare that one-half of 1 per cent was intoxicating, when confessedly it was not, then by legislation some later Congress might declare that a beverage containing 5 or 6 per cent of alcohol was not intoxicating, and that if the Supreme Court were to be bound by a legislative declaration, whether true or not, it would be required to hold that such enactment was valid. If Congress may say that something is intoxicating that is not, then by the same token I may declare as nonintoxicating a beverage that is intoxicating.

Mr. TYDINGS. Let me interrupt the Senator just a moment. I want to show him how ludicrous the situation is.

Mr. KING. Perhaps my observations are not relevant to the question presented, particularly as I do not intend to vote for the Senator's amendment.

Mr. TYDINGS. We are not going to have a vote to-night. Let me show the Senator how ludicrous the situation is.

Three or four years ago a gentleman came to my office and asked if I would like to have some wine. This was in the Capitol of the United States. I told him I would like to have it, but how could I get it legally? He said, "It is quite proper to get it. We have these concentrates and we go around and put them in a keg, and after 30 or 40 or 60 days we bottle it. We can give you sauterne or port, or any kind of wine you want." I purchased some of that wine from him. At that time I think Mrs. Willebrandt was counsel for the organization. Subsequent to that time the Government actually loaned to the concentrates people \$3,000,000 through the Farm Board to finance their business.

I had perfectly good 12 or 15 per cent wine. I think I got it for about a dollar a quart put up in bottles. The wine was splendid. I could have put a fancy label on it and fooled any person into thinking he was drinking a cheap imported wine.

But all of that was done with the money of the taxpayers loaned to these concentrate companies. After going through that rathole, which is as big around as all kingdom come, we are acting now like a camel trying to go through the eye of a needle on one-half of 1 per cent or 2.75 per cent alcoholic content. Think of it, the taxpayers' money to the extent of \$20,000,000 used to finance these concerns making 12 and 15 per cent wine. We voted all of that money. Nobody criticized them but the present speaker. I rose several times and pointed out how farcical the whole thing was, how reeking with hypocrisy, what a shame it was to permit a man to make 12 per cent wine and arrest him for making 3 per cent beer.

After a time, after it had been going on for 10 years, a court finally held when a case was tried before it that it was illegal. Here is the Government having financed this industry for a period of years, so-called indirectly, and we had not a word to say about it, and now the Senate, after voting millions to these concerns to make something which has five times as much alcohol in it as the beer I propose, sitting here in a period of great emergency and quibbling about whether we are violating the Constitution. I say from the standpoint of logic and analogy the thing is ludicrous.

Mr. BROUSSARD. Mr. President—

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. Certainly.

Mr. BROUSSARD. I am sure the Senator knows this, but I would like to call it to his attention for the benefit of those who were not here awhile ago. Just before the Senator took the floor the senior Senator from New York [Mr.



COPELAND) discussed the text of the provision proposed by the committee levying a tax on different kinds of malt fluids and extracts and brewer's wort. The paragraph to be considered after the Senator's amendment is disposed of is found on page 242 of the bill, as follows:

Grape concentrate, evaporated grape juice, and grape sirup (other than finished or fountain sirup), if containing more than 35 per cent of sugars by weight, 20 cents a gallon. No tax shall be imposed under this paragraph (A) upon any article which contains preservative sufficient to prevent fermentation when diluted.

All these products are admitted by the chairman of the committee to be used in the manufacture of beer and wine. I know it was admitted as to brewer's wort.

Mr. TYDINGS. Yes; the chairman was very honest and candid about it, as he should have been.

Here is the whole story. The amendment provides a \$1,500,000,000 bond issue, all of it to be used for work, most of which is already authorized by the Congress and which we will do anyhow in the next 10 years. It modifies the Volstead Act and changes the limit from one-half of 1 per cent to 2.75 per cent. It taxes that product 24 cents a gallon and provides that all the taxes derived from this source shall be specially earmarked to pay the interest and the sinking fund on this bond issue. Therefore, the entire bond issue can be borne with this one tax, and we will have the sum of more than \$200,000,000 in excess annually for general Treasury purposes. If we have \$1,500,000,000 for work, we are going to build something useful, something for which we will spend money anyhow in the next 10 years, and we will bring encouragement and hope and employment and food to the 10,000,000 people, most of whom have been without work for over a year.

The question is, Is it better to wiggle close to the line of the eighteenth amendment and take care of the unemployed, or to be puritanical and blind and hypocritical, as we have been in reference to many phases of this question, and let the unemployed take care of themselves with food and clothing when next winter comes and the community funds are insufficient and the States and cities are unable to provide for them?

Whether we take this amendment or leave it, I shall have the satisfaction of knowing that I presented a sound plan, one that will not levy any new taxes upon the American people, one that will amortize the bond issue which the amendment creates, one which will furnish employment for the people who are without work. When the rising happens next winter, as in my judgment it is very likely to happen, at least I shall have the comfort of knowing that I stood here before it happened, before the cold winter came, when we knew these people would have no food and no clothing and no work, and presented a sound plan, not in violation of the Constitution, but upon which our puritanical traditions prevented us from taking a liberal attitude, because in the face of the testimony I have adduced here, showing that 2.75 per cent beer is not intoxicating in fact, evidence given by the leading medical men, the leading chemists, the leading biologists of the country, it would be simply silly to say that anything else except puritanical madness caused any Senator to withhold his support from my amendment.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Mississippi?

Mr. TYDINGS. I yield for a question.

Mr. HARRISON. Does the Senator from Maryland desire a vote on his amendment to-night or would he prefer to have a vote on it to-morrow?

Mr. TYDINGS. I would prefer to have a vote on it to-morrow, because I imagine there are other Senators who want to speak both for and against the amendment.

Mr. HARRISON. May I ask the Senator from Utah, in the time of the Senator from Maryland, if he has obtained unanimous consent to meet at 11 o'clock to-morrow morning?

Mr. SMOOT. Yes.

Mr. HARRISON. Why can we not, then, agree to vote on this amendment not later than 2 o'clock to-morrow?

Mr. TYDINGS. I suggested that earlier in the evening.

Mr. SMOOT. If we could meet at 11 o'clock, would not the Senator agree to vote on the amendment at 1 o'clock?

Mr. TYDINGS. I should be glad to do so but for the reason that those who want to speak for the amendment are numerous; there are about six or seven of them; and, obviously, I do not think it would be fair unless those who are opposed to the amendment should be given equal opportunity. I will say to the Senator that if he will make his request so that a vote may be taken not later than 2 o'clock, it is quite likely we can vote before that hour.

Mr. SMOOT. Then, I ask unanimous consent that a vote be taken on the amendment of the Senator from Maryland at not later than 2 o'clock to-morrow.

The VICE PRESIDENT. Is there objection?

Mr. WALSH of Massachusetts. I think it ought to be understood that when we convene to-morrow at 11 o'clock the Senator from Maryland will have the floor or will be recognized.

Mr. SMOOT. Unless he concludes to-night.

Mr. TYDINGS. I should like a few minutes more before a recess is moved to-night.

Mr. SHEPPARD. Mr. President, I also should like to say just a few words before the Senate concludes its session to-night.

Mr. TYDINGS. I will say to the Senator from Texas that I have not yielded the floor, but I will be glad to give him that opportunity.

Mr. BLAINE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLAINE. Before unanimous consent can be given to take a vote at a given hour, is it not necessary to have a quorum called?

The VICE PRESIDENT. Not for a vote on an amendment.

Mr. SMOOT. Consent is asked to vote only on an amendment. The requirement as to roll call applies to a bill.

The VICE PRESIDENT. It is only necessary to call for a quorum when a vote is requested on the final passage of a bill.

Mr. WHEELER. Mr. President, before the unanimous-consent agreement is entered into, I am going to ask for a quorum because the Senator from Arizona [Mr. ASHURST] and one or two other Senators made the statement that they would object to adjourning; and I think that they ought to be here.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Arizona [Mr. ASHURST] does not object to an adjournment to-night. He objects to postponing an amendment and taking up another amendment. He has no objection to the Senate adjourning or taking a recess. His objection, I repeat, is to dropping one subject and taking up another subject without disposing of it.

Mr. WHEELER. I withdraw my objection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the agreement is entered into.

Mr. TYDINGS. Mr. President, I shall detain the Senate for only a few moments longer. I should like briefly to summarize what I have strung out over two hours, in order that Senators may take home with them, in a concrete way, exactly what this amendment is. Let me say once more that the amendment provides for a bond issue of \$1,500,000,000 of which \$1,000,000,000 is to be used to erect buildings which are already authorized by Congress, and an addition thereto of \$400,000,000 for roads, river and harbor projects, and flood control, making \$1,500,000,000 worth of public works, about a billion dollars of which have been authorized by the Congress already and about \$500,000,000 additional for roads, river and harbor improvements, and so on.

The amendment also provides for modifying the Volstead Act and fixing the alcoholic content not at one-half of 1 per cent, where it is now, but at 2.75 per cent, and tax-



ing that modified beer at the rate of 24 cents a gallon. The income derived from such tax on beer is to be especially earmarked and will go into a special Treasury fund dedicated, first, to paying off the annual amortization of the bond issue and the interest on the outstanding bonds. All amounts over that may be used for General Treasury purposes. It is estimated that from \$400,000,000 to \$500,000,000 can be raised annually by the tax proposed.

During the evening I read numerous affidavits from some of the leading medical authorities of the United States showing that 2.75 per cent beer is not intoxicating in fact. I concede there is a difference of opinion upon that point, but I believe the testimony which I have offered from the dean of medicine of the University of Pennsylvania, from the dean of the school of medicine of Columbia University, from professors of Yale, and other universities is as good as any testimony which can be procured on that point anywhere on earth.

I ask Senators in going home to-night to consider the problem of whether or not we should turn our backs upon this amendment, and revert to a definition of what is intoxicating, which every man here knows is not candid or honest, namely, one-half of 1 per cent, and deny this revenue to our Government, leaving those who are unemployed with the prospect next winter of being without sufficient funds for their relief, either in the community chests or in the cities or in the States, and looking to a dole by the Federal Government as the one means of providing them with the bare necessities of life.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. I yield.

Mr. WALSH of Massachusetts. I think the Senator might well add to the advantages enumerated that his amendment brings out into the open and taxes an industry that now exists illegally and is untaxed.

Mr. TYDINGS. That is very true. We have taxed almost everything from which we can pluck a feather in the whole United States. We have gone over it with a fine-tooth comb. We all know that there is a class of men in this country having no regard for the law, greedy for money, who have built up a crime ring which staggers the imagination. We know, for example, that in some of our large cities they are almost above the law; that to be arrested for murder or for carrying concealed weapons or for any other crime means nothing; they are out in a few days and go about as if they were lords of the realm. We know that hideous crimes have happened within the last 90 days which, in my judgment, were financed in part by the money derived from the prohibition racket. We know, more than that, that there never has been such a wave of crime, never such governmental corruption as we have had up to now.

However, that is not the point. The point is that the adoption of this amendment would afford a really respectable beverage for the man who wants beer to supplant the product which is now being purveyed illegally by criminal rings and gangs who are mulcting the people out of millions of dollars. The adoption of the amendment would permit the legal sale of a product the illegal sale of which is enabling certain criminal characters to own steam yachts and homes at Palm Beach, is causing our whole enforcement machinery to be permeated with graft and corruption, and is jamming the jails with prisoners, 661,000 of whom have been convicted of crimes against the prohibition law. With all that going on, there stand 10,000,000 unemployed with their wives and their children in addition, numbering perhaps thirty or forty million people all told, without the means of making an honest living and dependent upon charity. By a simple amendment, not transgressing the Constitution, we can in one fell swoop tear aside the veil of night and let the sunshine of hope and promise fall upon these poor unfortunates who are the victims of circumstances arising through no fault of their own.

Mr. SHEPPARD. Mr. President, the Senator from Maryland has summarized in a few minutes what it took him something like two hours to say. I propose to summarize in a few minutes what I might have said in something like two hours. I shall not perpetrate a discussion of that length upon the Senate to-night.

In my judgment no Senator can vote for this amendment without violating his oath to support the Constitution of the United States. In my judgment the one-half per cent or more provision is an honest and candid definition of intoxicating liquor.

When the Volstead Act was passed the Federal Government had already defined intoxicating liquor as being liquor containing one-half of 1 per cent or more of alcohol. Section 1 of the so-called war-time prohibition act of November 21, 1918, prohibited the use of fruit or other food material in the production of beer, wine, or other intoxicating malt or vinous liquors for beverage purposes. This act did not define intoxicating liquor. It became necessary, therefore, in enforcing the act, for the Government to define intoxicating liquor, and it was defined in paragraph 14 (b), Treasury Decision 2788, of February 6, 1919, as follows:

Within the intent of the act of November 21, 1918, a beverage containing one-half of 1 per cent or more of alcohol by volume, will be regarded as intoxicating.

This definition was later adopted in section 1, Title II, of the national prohibition act by the Congress of the United States, and has been pronounced constitutional by the United States Supreme Court. Most of the States of the American Union had also established that definition of intoxicating liquor or a definition involving a lesser content; those wet for the purpose of regulating the sale and taxation of intoxicating liquor, those dry for the purpose of prohibiting the sale of intoxicating liquor.

The statements of the medical authorities to which the Senator from Maryland has referred evidently had in view visible intoxication. As a matter of fact, the chief havoc wrought by alcohol as a drug occurs before the stage of visible intoxication is reached. The effect of alcohol is cumulative. A trace reaches the brain and begins to impair the most delicate tissues. Another trace is added the next day; the appetite develops and most of the devastating effects of the drug ensue without visible intoxication.

The production of the volume of beer involved in the proposal of the Senator from Maryland would require an investment in brewery construction of eight hundred million or nine hundred million dollars, not including extensive replacements. The diversion of this tremendous amount of capital to the production of a nonessential such as beer, entirely aside from the question of prohibition, would be unthinkable in normal times, not to speak of the present crisis, when the need of capital for the necessary processes and institutions of civilization and of progress is the most desperate in our history.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Montana?

Mr. SHEPPARD. I yield.

Mr. WHEELER. Will the Senator again state the figures as to construction investment which would be required?

Mr. SHEPPARD. I said the proposal would require a capital investment of something like eight hundred or nine hundred million dollars for brewery construction, machinery, and things of that kind. We instituted the Reconstruction Finance Corporation in order to secure capital for legitimate industry and enterprise in the United States. Would any Senator here have voted to include brewery construction and development within the scope of the operations of the Reconstruction Finance Corporation?

The consumption at retail of the volume of beer which would be produced by the project which the Senator from Maryland has in mind would require an expenditure by the American people of more than a billion and a half dollars every year.



It is exceedingly doubtful whether such an amount of money is available among the people for the purchase of a nonessential like beer. Never have the masses of the people been so sorely pressed as at this hour for funds with which to acquire the barest essentials of existence. With some seven to ten million unemployed, with the remainder of the working hosts facing the most distressing and perilous economic conditions ever known, where will be found the billion and a half dollars for beer?

With the people struggling for bread they will not turn in any overwhelming numbers to beer—at least, not in sufficient number to furnish the revenue for the purposes which the Senator from Maryland describes.

The Senator from Maryland ascribes to prohibition much of the crime now existing in the country, and the fact that some of the jails are crowded with criminals. It is not prohibition that is causing crime; it is the defiance of prohibition. It is not the prohibitory law that is responsible for whatever difficulties we may face along this line to-day; it is the purchaser of intoxicating liquor who is responsible, and the purchaser alone.

The American people are not going to run down the flag and surrender their loyalty to the Constitution because purchasers in high social circles and elsewhere continue to defy, to despise, and to disregard the law.

Mr. SMOOT. Mr. President, now that we have a unanimous-consent agreement to vote on the pending amendment to-morrow at 2 o'clock, unless some Senator desires to speak at this time I shall move a recess.

#### ADDRESS BY SENATOR LEWIS ON THE STATE OF THE UNION

Mr. CONNALLY. Mr. President, last night the eminent junior Senator from Illinois [Mr. Lewis] delivered over the radio a very interesting and what I regard as a brilliant address. I desire to have the address printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

#### ADDRESS OF HON. J. HAMILTON LEWIS, OF ILLINOIS, MAY 16, 1932

The radio audiences must have become fatigued with the many addresses upon the public questions with which they were dinned by voice and oppressed by ceaseless newspaper and magazine. I am called upon to present an additional view, which I do with the trust that you will not be burdened beyond your patience.

The subject assigned is the state of the Union and the state of the political parties in Congress. First, let it be understood that there are no political positions and political possibilities for a political party in either House. There is no Democratic Party in the House of Representatives, though these termed Democrats have a majority of three with the Speaker of the House being a Democrat. In the Senate, called Republican, there is a majority of one to three over the Democrats, and a majority of seven whenever all the Republicans unite upon any proposition. Many of the editorials, many of the newspaper articles, and a great many of those who are speaking to the country have expressed disapproval and all condemnation that the House did not organize and remain a fixed compact body, taking its orders from the Speaker and obeying him as one does the order of a general in command. There are those who have condemned Speaker GARNER that he has not "controlled the House." I beg to remind America if ever we had a Speaker who "controlled the House" he would be dispelled out of his place before sundown of any day in this particular day of independence of mankind. You will not forget that right after the Civil War, under a Democratic House, a Democrat attempted to "control" the Members in the matter of their votes where they were sovereign Representatives of sovereign districts, each having a right to have his views and their necessities obeyed by their Representative. This particular Speaker was hurled from his place by votes and reduced to the minimum and was hissed by the country. I remind you that when Speaker Cannon, Republican, assumed such a privilege as controlling the House and dominating it by rule, he was whirled from his chair under resolution initiated by Senator NORRIS, Member of the House, now Senator from Nebraska.

#### CONGRATULATES GARNER

I invite you that an attempt of this kind in the House of Parliament lately caused a wreckage; the Speaker was thrown out of the house and was beaten overwhelmingly. I invite you that in France, when it was attempted by the aid of the majority, the cry of tyranny threw him out of place and has brought on the elections in the last few days, overturning the Government of France and initiating what must be called a radical and socialistic organization in control.

Speaker GARNER is to be congratulated on having kept his head, maintaining his poise, and in no wise impinging upon the liberties of the Congressmen whose duties to their districts expressing

the wishes and needs of their own people were their first obligation. I now congratulate the House of Representatives, that at a time like this, when the President has stated that the Nation is in a condition "as in war," that the gentlemen of the House on the Democratic side have refused to band themselves together as a political party to oppose the President of the United States, the Executive in command, and have declined to mortgage themselves in a compact of partisanship that shall contest the will of the administration while it professes to be expressing the need of the country. I now summon the people to note what would be the effect if this howl and clamor against the House were yielded to; and I ask you to consider what a condition would have been upon this Republic if the House had been the sort of thing this cry and malediction had wished it—a water-tight political compartment—if, in compact organization as a party under the domination of the Speaker, every measure presented by the Republican President would have been met by a compact wall, over which it could not ride and against which like a wave it would dash but be beaten back and retreat into defeat. Then you would not have had the moratorium, which the President asked for on a nonpartisan ground and which was given him by the Democratic House. You would not have had the Steagall bank bill, which gives the opportunity to the release of frozen assets and increase of circulating money for business relief. You would not have had the finance credit bill, which now comes to the rescue of the railroads, insurance companies, and other institutions necessary to be preserved to save the Nation from insolvency. You would not now have the appropriation bills voting the amounts necessary to the support of the Government, nor would you have had the economy bill, looking to the limitation of expenditures, as the press has advised.

#### ORGANIZATION OF CITIZENS

The House would have been justified as a partisan organization in opposing the appropriations carrying out the principles which the contests before their people had opposed. They would have been justified in opposing the program of economy, so called by the President, on the ground that the President and his administration had made the extravagances, so let them take the consequences before the people and pay the penalty for their political sins. All of those have been voted by the Democratic House, and instead of becoming partisan they have become an organization of citizens in open convention executing the requests of the President and complying with the demands of the people as the public representatives of the Nation and in nowise the master manipulators of a political party.

Now we look to the United States Senate, so-called Republican, but this body in the same spirit of patriotic endeavor under the parliamentary guidance of Vice President CURTIS, Republican, President pro tempore MOSES of New Hampshire, Republican, and the different chairmen of the various committees, all Republican, nevertheless have refused to band themselves as a political party and decline to elect a Republican who has been nominated as President of the Senate and, though declining to support a Democrat, stand as a nonparty organization and prove to the country that a measure is being considered, whatever may be its manner or content, upon its merits—looking only to that test if the measure be to the welfare of the Nation.

This Republican Senate is to be congratulated and its eminent leaders to be put forth before the Nation as worthy of all praise, due to the honorable and patriotic public servant.

It will now be seen that had all these things been done which public condemnation, quickly spouted out, had demanded, the country to-day would have stood in chaos, its business in insolvency, and its people in confusion or riot. We would have been in the situation that you have lately seen in France, the fanatics killing her President; Japan, with equal fanatics slaying her Premier; with the unhappy conditions in the Canadian Provinces, as Newfoundland, where the governor is driven from his chair to the sea.

#### JUSTICE TO THE DEMOCRACY

Then let us congratulate our countrymen that our public servants in the legislative halls, joining those public servants who are the heads of the Cabinet and their aides, find themselves to-day that, though they "lately met in the internecine shock, now in well-beseeming ranks march all one way."

And now I ask your attention to what is justice to the Democracy: That you recall that this administration has been in power three years; that none of the measures which have now been passed under the Democratic House have even been presented for three years, much less having been passed for the relief of the people. You will note in all this time the increased conditions of hardship, misery, and depression were multiplied upon the Republic. Day by day you were told that everything would be all right, that your condition was but a matter of psychology, a miasma of mind, that "just around the corner" and "just up the road" were to be seen the caravans of new commerce and on the hills the palaces of promised prosperity.

Let it be said that the President and his administration must not be charged with the full responsibility; they were misled equally by those who encouraged the administration to conduct the policies in vogue, because it was to the benefit of those who while misleading the administration were pillaging the people and were withholding the facts from the President and his advisers while they deliberately falsified to the public and misled the press to print their false prophecy and their deceiving promises.



I invite you to note that the administration in power for these three years finally sent in to the Government a demand for appropriations equaling four billions, or two billions more in time of profound peace than were exacted in 1918 or 1920 while immediately following the close of the World War, with all of the war burdens yet to bear. Then the appropriations were laid out to meet these exacting, overwhelming, and shoulder-crushing burdens.

Here we do justice to say the President and his administration must not be charged with the responsibility of this crime upon the Republic—the master heads of industry, the political leadership of the party, the trusted advisers with schemes to enrich themselves, and those who were under cover from identity succeeded in getting the administration to plunge the country into this indebtedness for the benefit of those who are now capitalizing it. I invite you to note that now with the deficit exceeding two billion and threatening to be three billion, and with indebtedness of five billion, this condition has been caused by those who turned the Government into the hands of the large institutions and great political enterprises where the authors of the nefarious schemes could profit, though it was to the pillage of the people and pollution of the Republic. We must not forget that the President and his Cabinet and the immediate officials of his administration were often far removed from the master manipulators in the distant States of the Union and were compelled to take reports and have no other form of information upon which they could rely. The press, from day to day called upon to print with quickness that the paper may be issued with promptness, must also take that which is given them by those whom they adopt and which they accept as truth from those whom they believe reliable.

#### CALLS FOR PATIENCE

All of these misrepresentations and misleading conduct have brought our country to where we are to-day. We have educated our Nation to trust those in position with official power, and the officials in power have been educated to trust the citizens who in high places are supposed to report to the officials in power the truth, but who have taken advantage of the privilege to benefit themselves and speculate on the public money of the Government, sending out billions of its gold through favored banking circles to be gifts to the nations of South and Central America, bounties to the nations of Europe, favors to the industry and commerce of other countries opposing the United States or in the sums reaching between twenty-five and thirty billions of money drained from the possessions of America and paralyzing the prospects of the future of our Nation.

These crimes, now uncovered to the public, have all been committed with such sequence and under the plausibility of patriotic finance and industry that the Americans had no opportunity to detect it, as they could not believe they were being betrayed by those whom they trusted and who appeared under the guise of friends of persons in power as patriots to the party of the administration. The Democrats, though crying out against the wrong through all the years day by day, were denounced as falsifiers, sometimes as traitors, as well as lacking in patriotism, because they would denounce these objects and cry to the people to stop them with some form of expression at the ballot box. Now, when all these cries were ignored and the public face to face with the disaster brought on by these violations and violences, there is nothing to be done but bemoan the situation and trust that in the future our country will recognize the honest mistakes of those who have been deluded in the citizenship, their administration deceived in its trust, the democracy defeated in its effort, leaving a whole Nation betrayed in its hopes, helpless in its miseries, turning in the last hour to the great people of our country, beseeching that they shall learn the truth, and, in the words of the Great Prophet in the Holy Scriptures, feeling the relief in that knowing "the truth, the truth shall make you free."

The hour calls for the exercise of patience by the citizen and poise by the political parties. Let us realize that all the institutions of government and politics of yesterday have been transformed, and the new ideal and new standard is now before America, as it is before the world. We turn to march in new ranks, with banners bearing new devices, and with confidence in the spirit of America which preserves our country and sustains our countrymen that America shall remain not only the first of free lands of the world but the best and noblest of the history of mankind.

#### EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

#### EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably several nominations of postmasters, which were placed on the Executive Calendar.

#### ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

A bill (S. 4682) for the relief of Thomas L. Cook (with accompanying papers); to the Committee on Military Affairs.

By Mr. SMITH:

A bill (S. 4683) for the relief of George M. Wright; to the Committee on Claims.

#### RECESS

Mr. SMOOT. Mr. President, I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and (at 9 o'clock and 32 minutes p. m.) the Senate, under the order previously entered, took a recess until to-morrow, Wednesday, May 18, 1932, at 11 o'clock a. m.

#### NOMINATIONS

*Executive nominations received by the Senate May 17 (legislative day of May 9), 1932*

#### COLLECTOR OF CUSTOMS

John C. Tulloch, of Ogdensburg, N. Y., to be collector of customs for customs-collection district No. 7, with headquarters at Ogdensburg, N. Y. Reappointment.

#### PROMOTIONS IN THE NAVY

##### MARINE CORPS

First Lieut. Francis Kane to be a captain in the Marine Corps from the 29th day of April, 1932.

The following-named noncommissioned officers of the Marine Corps to be second lieutenants in the Marine Corps, revocable for two years, from the 12th day of May, 1932:

Corpl. James R. Stephens.

Corpl. Roger W. Beadle.

#### POSTMASTERS

##### ARIZONA

Robert B. Anderson to be postmaster at Clifton, Ariz., in place of R. B. Anderson. Incumbent's commission expires May 25, 1932.

##### ARKANSAS

John H. Magee to be postmaster at Corning, Ark., in place of G. W. Stanfield, deceased.

Rhetta L. Cooper to be postmaster at Hughes, Ark., in place of J. O. Crunk. Incumbent's commission expired January 23, 1932.

Elmer B. Wacaster to be postmaster at Mount Ida, Ark., in place of E. B. Wacaster. Incumbent's commission expires May 25, 1932.

##### CALIFORNIA

Dwight E. Knapp to be postmaster at Garberville, Calif., in place of D. E. Knapp. Incumbent's commission expired February 20, 1932.

John H. Strauch, jr., to be postmaster at San Gabriel, Calif., in place of J. H. Strauch, jr. Incumbent's commission expires May 22, 1932.

Marie E. Forster to be postmaster at San Juan Capistrano, Calif., in place of F. F. Kelly, resigned.

Warren A. Woods to be postmaster at Suisun City, Calif., in place of W. A. Woods. Incumbent's commission expired May 14, 1932.

##### COLORADO

William L. Thurston to be postmaster at Carbondale, Colo., in place of J. L. Thurston, deceased.

Carl Elsner to be postmaster at Kiowa, Colo., in place of M. E. Kendall. Incumbent's commission expired December 17, 1931.

Charles V. Engert to be postmaster at Lyons, Colo., in place of C. V. Engert. Incumbent's commission expired May 12, 1932.

##### CONNECTICUT

James V. Golden to be postmaster at Noroton Heights, Conn., in place of J. V. Golden. Incumbent's commission expired January 25, 1932.

Anna C. Tucker to be postmaster at Sandy Hook, Conn., in place of A. C. Tucker. Incumbent's commission expired May 16, 1932.



Harry W. Walker to be postmaster at Simsbury, Conn., in place of H. W. Walker. Incumbent's commission expires May 29, 1932.

## FLORIDA

Walter E. Clark to be postmaster at Fruitland Park, Fla., in place of E. D. Wightman, deceased.

Clara E. Mariner to be postmaster at Oviedo, Fla., in place of J. B. Jones. Incumbent's commission expired February 14, 1932.

## GEORGIA

Jesse H. Hicks to be postmaster at Chickamauga, Ga., in place of J. H. Hicks. Incumbent's commission expired December 20, 1930.

Judge T. D. Conley to be postmaster at Collegepark, Ga., in place of J. T. D. Conley. Incumbent's commission expired April 17, 1932.

James P. Rose to be postmaster at Lyerly, Ga., in place of J. P. Rose. Incumbent's commission expired February 9, 1931.

Don W. Pettitt to be postmaster at Nelson, Ga., in place of A. E. Pettitt, deceased.

William H. Astin to be postmaster at Palmetto, Ga., in place of W. H. Astin. Incumbent's commission expires May 20, 1930.

## IDAHO

Ray W. Banbury to be postmaster at Buhl, Idaho, in place of R. W. Banbury. Incumbent's commission expired January 9, 1932.

William L. Killpack to be postmaster at Driggs, Idaho, in place of W. L. Killpack. Incumbent's commission expired May 17, 1932.

Melvin E. Elison to be postmaster at Oakley, Idaho, in place of J. Y. Haight. Incumbent's commission expired January 18, 1932.

## ILLINOIS

Jay F. Smith to be postmaster at Blue Island, Ill., in place of C. A. Helwig, deceased.

Purl A. Scott to be postmaster at Chrisman, Ill., in place of W. F. Hoult. Incumbent's commission expired February 8, 1932.

Harley S. Wheatley to be postmaster at De Soto, Ill., in place of L. M. Kimmel. Incumbent's commission expired December 15, 1931.

Robert K. Church to be postmaster at Dowell, Ill., in place of W. A. Lafont, deceased.

Esther A. Lundberg to be postmaster at Greenview, Ill., in place of C. H. Derry. Incumbent's commission expired January 27, 1932.

William A. Abernathie to be postmaster at McClure, Ill., Office became presidential July 1, 1931.

Oldham Paisley to be postmaster at Marion, Ill., in place of W. T. Harris, removed.

Lawrence M. Goodyear to be postmaster at Watseka, Ill., in place of B. M. Martin, deceased.

Claude A. Webster to be postmaster at Westmont, Ill., in place of Irvin Green, removed.

John F. Shinkus to be postmaster at Westville, Ill., in place of J. F. Shinkus. Incumbent's commission expired May 5, 1932.

## INDIANA

Doris P. Petra to be postmaster at Francesville, Ind., in place of Ebert Garrigues. Incumbent's commission expired January 13, 1932.

Justin P. Dipert to be postmaster at Grovertown, Ind., in place of R. I. Trapp. Incumbent's commission expired December 19, 1931.

Pirl H. Hawthorne to be postmaster at Hartford City, Ind., in place of R. W. Monfort. Incumbent's commission expired January 10, 1932.

William H. Warn, jr., to be postmaster at Milan, Ind., in place of C. O. Alton. Incumbent's commission expired January 10, 1932.

Louis T. Heerman to be postmaster at Syracuse, Ind., in place of Roy Sarjent. Incumbent's commission expired March 2, 1932.

## IOWA

Melvin V. Smith to be postmaster at Akron, Iowa, in place of M. V. Smith. Incumbent's commission expired May 4, 1932.

Theodore B. Satory to be postmaster at Albert City, Iowa, in place of T. B. Satory. Incumbent's commission expires May 19, 1932.

William M. Bausch to be postmaster at Ashton, Iowa, in place of W. M. Bausch. Incumbent's commission expires May 19, 1932.

Harry Aitken to be postmaster at Clearfield, Iowa, in place of Harry Aitken. Incumbent's commission expires May 19, 1932.

John C. Dow to be postmaster at College Springs, Iowa, in place of J. C. Dow. Incumbent's commission expired February 2, 1932.

Elmer Akers to be postmaster at Decatur, Iowa, in place of Elmer Akers. Incumbent's commission expired April 20, 1930.

Dell P. Glazier to be postmaster at Fort Madison, Iowa, in place of D. P. Glazier. Incumbent's commission expired December 10, 1930.

James O. Vail to be postmaster at Garden Grove, Iowa, in place of J. O. Vail. Incumbent's commission expired February 2, 1932.

Rose M. Fischbach to be postmaster at Granville, Iowa, in place of R. M. Fischbach. Incumbent's commission expires May 19, 1932.

Henry W. Huibregtse to be postmaster at Hull, Iowa, in place of H. W. Huibregtse. Incumbent's commission expires May 19, 1932.

Fred R. Foster to be postmaster at Humeston, Iowa, in place of F. R. Foster. Incumbent's commission expired March 27, 1932.

John E. Mieras to be postmaster at Maurice, Iowa, in place of J. E. Mieras. Incumbent's commission expired May 12, 1932.

Leon R. Valentine to be postmaster at Murray, Iowa, in place of L. R. Valentine. Incumbent's commission expired March 27, 1932.

Elizabeth O'Reilly to be postmaster at New Albin, Iowa, in place of Elizabeth O'Reilly. Incumbent's commission expired February 16, 1932.

Loys E. Couch to be postmaster at Newell, Iowa, in place of L. E. Couch. Incumbent's commission expired May 4, 1932.

Lyle J. McLaughlin to be postmaster at Schaller, Iowa, in place of L. J. McLaughlin. Incumbent's commission expires May 19, 1932.

## KANSAS

John C. Shields to be postmaster at Chetopa, Kans., in place of R. J. Conderman, resigned.

Henry B. Lawton to be postmaster at Kiowa, Kans., in place of H. B. Lawton. Incumbent's commission expires May 19, 1932.

Leland L. Jacobs to be postmaster at Plains, Kans., in place of E. G. Gillidett. Incumbent's commission expired December 15, 1931.

Arthur P. Barrett to be postmaster at Pratt, Kans., in place of H. S. Gregory, deceased.

Lloyd Van Metre to be postmaster at Sublette, Kans., in place of Lloyd Van Metre. Incumbent's commission expires May 19, 1932.

Walter M. Wheatcroft to be postmaster at Utica, Kans., in place of W. M. Wheatcroft. Incumbent's commission expires May 26, 1932.

## KENTUCKY

Ronald S. Tuttle to be postmaster at Bardstown, Ky., in place of R. S. Tuttle. Incumbent's commission expires May 17, 1932.

Edward B. Ray to be postmaster at Canmer, Ky., in place of E. B. Ray. Incumbent's commission expired April 30, 1932.

John C. Jackson to be postmaster at Evarts, Ky., in place of J. H. Turner. Incumbent's commission expired Jan. 5, 1932.



Rollie H. Keown to be postmaster at Morgantown, Ky., in place of H. B. Morehead. Incumbent's commission expired Jan. 12, 1932.

Charlie H. Throckmorton to be postmaster at Mount Olivet, Ky., in place of C. H. Throckmorton. Incumbent's commission expired March 5, 1932.

Clyde S. England to be postmaster at Russell, Ky., in place of C. S. England. Incumbent's commission expires May 26, 1932.

Ruby M. Wood to be postmaster at Salt Lick, Ky., in place of R. M. Wood. Incumbent's commission expires May 23, 1932.

## LOUISIANA

Pinckney L. Dark to be postmaster at Ferriday, La., in place of O. S. Osterberg. Incumbent's commission expired December 14, 1930.

Ella A. McDowell to be postmaster at Hodge, La., in place of E. A. McDowell. Incumbent's commission expired February 4, 1932.

John E. Butler, jr., to be postmaster at Port Allen, La., in place of R. S. Butler, resigned.

## MAINE

Roy A. Evans to be postmaster at Kennebunk, Me., in place of R. A. Evans. Incumbent's commission expired May 7, 1932.

## MARYLAND

Mary B. Workman to be postmaster at Port Howard, Md., in place of R. B. Woodrum, removed.

Eunice W. Dement to be postmaster at Indianhead, Md., in place of E. W. Dement. Incumbent's commission expires May 26, 1932.

George E. Parsons to be postmaster at Marion Station, Md., in place of Aurelia Day, resigned.

George S. Stevens to be postmaster at Millington, Md., in place of G. S. Stevens. Incumbent's commission expires May 26, 1932.

Lawrence M. Fraley to be postmaster at Oakland, Md., in place of Webster Ravenscroft. Incumbent's commission expired February 29, 1932.

Allan Urie to be postmaster at Rock Hall, Md., in place of Allan Urie. Incumbent's commission expires May 26, 1932.

## MASSACHUSETTS

David L. Kelley to be postmaster at Fairhaven, Mass., in place of D. L. Kelley. Incumbent's commission expired May 16, 1932.

Raymond H. Gould to be postmaster at Millers Falls, Mass., in place of R. H. Gould. Incumbent's commission expired March 20, 1932.

Raymond L. Soule to be postmaster at West Boylston, Mass., in place of E. M. Ovenden, deceased.

## MICHIGAN

John W. Bowditch to be postmaster at Pittsford, Mich., in place of S. B. Brant. Incumbent's commission expired January 31, 1932.

Wellington E. Reid to be postmaster at Ubly, Mich., in place of W. E. Reid. Incumbent's commission expired January 31, 1932.

## MINNESOTA

Theresa Jondahl to be postmaster at Hallock, Minn., in place of G. A. Johnson. Incumbent's commission expired February 9, 1931.

## MISSISSIPPI

William B. Potts to be postmaster at Crawford, Miss., in place of L. C. Gibson, removed.

James T. Skelton to be postmaster at Goodman, Miss., in place of J. T. Skelton. Incumbent's commission expired March 5, 1932.

William J. Stephens to be postmaster at Webb, Miss., in place of W. J. Stephens. Incumbent's commission expired March 5, 1932.

G. Albert Decell to be postmaster at Wesson, Miss., in place of K. R. Hodges. Incumbent's commission expired December 14, 1930.

## MISSOURI

Walter L. Meyer to be postmaster at Auxvasse, Mo., in place of W. L. Meyer. Incumbent's commission expired May 12, 1932.

Benjamin O. Byers to be postmaster at Creighton, Mo., in place of A. I. Barnett. Incumbent's commission expired December 19, 1931.

Otto A. Green to be postmaster at Galt, Mo., in place of G. L. Keener. Incumbent's commission expired February 24, 1932.

Mansfield W. Duston to be postmaster at Kingston, Mo., in place of H. L. Virtue. Incumbent's commission expired January 13, 1932.

Charles F. McKay to be postmaster at Knox City, Mo., in place of C. F. McKay. Incumbent's commission expired May 2, 1932.

Edward F. Walden to be postmaster at Morehouse, Mo., in place of E. F. Walden. Incumbent's commission expired May 2, 1932.

Samuel S. Rutan to be postmaster at Odessa, Mo., in place of S. S. Rutan. Incumbent's commission expired January 13, 1932.

James E. King to be postmaster at Savannah, Mo., in place of L. C. Cottrill. Incumbent's commission expired January 13, 1932.

Ernest W. Bright to be postmaster at Stockton, Mo., in place of E. G. Hoff. Incumbent's commission expired January 31, 1932.

## NEBRASKA

Byron I. Demaray to be postmaster at Alexandria, Nebr., in place of B. I. Demaray. Incumbent's commission expired March 14, 1932.

Millard M. Martin to be postmaster at Allen, Nebr., in place of M. M. Martin. Incumbent's commission expires May 17, 1932.

Lorena W. Doe to be postmaster at Arcadia, Nebr., in place of L. W. Doe. Incumbent's commission expires May 17, 1932.

Arvid S. Samuelson to be postmaster at Axtell, Nebr., in place of A. S. Samuelson. Incumbent's commission expired May 2, 1932.

Elmer H. Doering to be postmaster at Battle Creek, Nebr., in place of E. H. Doering. Incumbent's commission expired May 12, 1932.

Carl P. Smiley to be postmaster at Beaver Crossing, Nebr., in place of C. P. Smiley. Incumbent's commission expires May 26, 1932.

Hazel R. Babbitt to be postmaster at Belgrade, Nebr., in place of H. R. Babbitt. Incumbent's commission expired December 19, 1931.

Elmer V. Barger to be postmaster at Benkelman, Nebr., in place of E. V. Barger. Incumbent's commission expired January 11, 1932.

Minnie L. Smith to be postmaster at Blue Springs, Nebr., in place of M. L. Smith. Incumbent's commission expired May 12, 1932.

Oscar M. Fenstermacher to be postmaster at Cedar Bluffs, Nebr., in place of O. M. Fenstermacher. Incumbent's commission expired May 12, 1932.

Gus Johnson to be postmaster at Ceresco, Nebr., in place of Gus Johnson. Incumbent's commission expired December 19, 1931.

Clarence G. Struble to be postmaster at Chester, Nebr., in place of C. G. Struble. Incumbent's commission expired January 9, 1932.

Ethel Talcott to be postmaster at Crofton, Nebr., in place of Ethel Talcott. Incumbent's commission expired December 19, 1931.

Charles A. Rogers to be postmaster at Decatur, Nebr., in place of C. A. Rogers. Incumbent's commission expired January 9, 1932.

Otto A. Steinkraus to be postmaster at Dodge, Nebr., in place of O. A. Steinkraus. Incumbent's commission expired January 9, 1932.



Harold L. Mackey to be postmaster at Eustis, Nebr., in place of H. L. Mackey. Incumbent's commission expired May 7, 1932.

George A. Fowler to be postmaster at Fairfield, Nebr., in place of G. A. Fowler. Incumbent's commission expired January 9, 1932.

Frank W. Fuhlrodt to be postmaster at Fremont, Nebr., in place of F. W. Fuhlrodt. Incumbent's commission expired May 12, 1932.

Earl F. Fishel to be postmaster at Guide Rock, Nebr., in place of E. F. Fishel. Incumbent's commission expires May 17, 1932.

Elizabeth McGuire to be postmaster at Hampton, Nebr., in place of Elizabeth McGuire. Incumbent's commission expired May 12, 1932.

Charles C. Cramer to be postmaster at Hardy, Nebr., in place of C. C. Cramer. Incumbent's commission expired May 7, 1932.

Robert E. Templin to be postmaster at Hoskins, Nebr., in place of R. E. Templin. Incumbent's commission expired December 19, 1931.

Frederick F. Thomas to be postmaster at Linwood, Nebr., in place of F. F. Thomas. Incumbent's commission expired January 9, 1932.

Howard W. Botsford to be postmaster at Meadow Grove, Nebr., in place of H. W. Botsford. Incumbent's commission expired December 19, 1931.

Verner O. Lundberg to be postmaster at Nehawka, Nebr., in place of V. O. Lundberg. Incumbent's commission expires May 17, 1932.

Anton B. Helms to be postmaster at Randolph, Nebr., in place of A. B. Helms. Incumbent's commission expired May 12, 1932.

Myron A. Gordon to be postmaster at Stratton, Nebr., in place of M. A. Gordon. Incumbent's commission expired April 2, 1932.

Albert E. Pratt to be postmaster at Tobias, Nebr., in place of A. E. Pratt. Incumbent's commission expired May 7, 1932.

Leo E. Kraft to be postmaster at Unadilla, Nebr., in place of L. E. Kraft. Incumbent's commission expires May 29, 1932.

Carl Carlson to be postmaster at Valparaiso, Nebr., in place of Carl Carlson. Incumbent's commission expires May 17, 1932.

Louis A. Rice to be postmaster at Wilsonville, Nebr., in place of L. A. Rice. Incumbent's commission expired May 12, 1932.

#### NEVADA

John W. Christian to be postmaster at Pioche, Nev., in place of J. W. Christian. Incumbent's commission expired May 14, 1932.

#### NEW HAMPSHIRE

Mary E. Smith to be postmaster at Woodsville, N. H., in place of F. P. Dearth, deceased.

#### NEW JERSEY

Ralph H. Hulick to be postmaster at Browns Mills, N. J., in place of R. H. Hulick. Incumbent's commission expired February 6, 1932.

Wilson S. Frederick to be postmaster at Dunellen, N. J., in place of W. S. Frederick. Incumbent's commission expires May 17, 1932.

Frank L. Pote to be postmaster at Paulsboro, N. J., in place of F. L. Pote. Incumbent's commission expired May 14, 1932.

Rollin A. Cale to be postmaster at Pleasantville, N. J., in place of R. A. Cale. Incumbent's commission expired January 17, 1932.

Charles Herrmann to be postmaster at South River, N. J., in place of Charles Herrmann. Incumbent's commission expired May 14, 1932.

Amos G. Wick to be postmaster at Woodbury, N. J., in place of W. H. Albright, resigned.

#### NEW YORK

Erwin Smith to be postmaster at Annandale-on-Hudson, N. Y., in place of Erwin Smith. Incumbent's commission expires May 25, 1932.

Fred W. Hettler to be postmaster at Attica, N. Y., in place of B. P. Slater. Incumbent's commission expired December 19, 1931.

Nellie Fredricson to be postmaster at Cornwall on the Hudson, N. Y., in place of Nellie Fredricson. Incumbent's commission expired May 5, 1932.

Rudolph Silha to be postmaster at East Islip, N. Y., in place of M. T. Sweeney, resigned.

Joseph W. Cermak to be postmaster at East Northport, N. Y., in place of J. W. Cermak. Incumbent's commission expired May 16, 1932.

Wallace Thurston to be postmaster at Floral Park, N. Y., in place of Wallace Thurston. Incumbent's commission expired March 1, 1932.

Marcus O. Howell to be postmaster at Glen Head, N. Y., in place of Sue Caldwell, removed.

Harry M. Lanpher to be postmaster at Lowville, N. Y., in place of H. M. Lanpher. Incumbent's commission expired May 5, 1932.

William W. Carpenter to be postmaster at Monticello, N. Y., in place of W. W. Carpenter. Incumbent's commission expired May 14, 1932.

Elsie V. Webb to be postmaster at Union Springs, N. Y., in place of E. V. Webb. Incumbent's commission expires May 22, 1932.

#### NORTH CAROLINA

Ruth F. White to be postmaster at Colerain, N. C., in place of R. F. White. Incumbent's commission expired January 4, 1932.

Robert H. Clayton to be postmaster at Erlanger, N. C., in place of S. J. Smith, resigned.

Robert H. Dixon to be postmaster at Siler City, N. C., in place of R. H. Dixon. Incumbent's commission expired January 5, 1932.

#### NORTH DAKOTA

Ludwig Maurer to be postmaster at Center, N. Dak., in place of N. W. Fowler. Incumbent's commission expired January 5, 1931.

Ole H. Opland to be postmaster at Mott, N. Dak., in place of O. H. Opland. Incumbent's commission expired March 7, 1932.

Michael Coyne to be postmaster at Starkweather, N. Dak., in place of Michael Coyne. Incumbent's commission expired May 12, 1932.

#### OHIO

Charles E. Spiers to be postmaster at Atwater, Ohio, in place of C. E. Spiers. Incumbent's commission expired May 16, 1932.

Ralph Dunfee to be postmaster at Dresden, Ohio, in place of Ralph Dunfee. Incumbent's commission expired May 10, 1932.

George H. Maxwell to be postmaster at Lexington, Ohio, in place of G. H. Maxwell. Incumbent's commission expired May 16, 1932.

Fred C. Redick to be postmaster at Wooster, Ohio, in place of H. L. McClarran. Incumbent's commission expired April 30, 1932.

#### OKLAHOMA

Helen M. Lutes to be postmaster at Bennington, Okla., in place of H. M. Lutes. Incumbent's commission expires May 22, 1932.

Samuel H. Bundy to be postmaster at Bethany, Okla., in place of S. H. Bundy. Incumbent's commission expires May 22, 1932.

James A. Todd to be postmaster at Calumet, Okla., in place of J. A. Todd. Incumbent's commission expires May 26, 1932.

Horatio E. Downing to be postmaster at Jet, Okla., in place of S. M. Daniel. Incumbent's commission expired January 13, 1932.



Alvin S. Gibson to be postmaster at Roosevelt, Okla., in place of A. S. Gibson. Incumbent's commission expired February 2, 1932.

James B. Cox to be postmaster at Stilwell, Okla., in place of J. B. Cox. Incumbent's commission expired December 15, 1931.

James S. Biggs to be postmaster at Stuart, Okla., in place of J. S. Biggs. Incumbent's commission expired April 20, 1932.

## OREGON

Charles W. Perry to be postmaster at Richland, Oreg., in place of C. W. Perry. Incumbent's commission expired April 30, 1932.

## PENNSYLVANIA

Wilferd R. Troxel to be postmaster at Aliquippa, Pa., in place of W. R. Troxel. Incumbent's commission expires May 26, 1932.

Arthur E. Shannon to be postmaster at Beaverdale, Pa., in place of A. E. Shannon. Incumbent's commission expires May 29, 1932.

William C. Drager to be postmaster at Boiling Springs, Pa., in place of W. C. Drager. Incumbent's commission expires May 23, 1932.

Wade M. Henderson to be postmaster at Brookville, Pa., in place of W. M. Henderson. Incumbent's commission expired May 4, 1932.

Edward L. Beechey to be postmaster at Clymer, Pa., in place of E. L. Beechey. Incumbent's commission expires May 29, 1932.

John Standing to be postmaster at Darby, Pa., in place of W. M. Heaps, resigned.

Clyde S. McNeely to be postmaster at Dauphin, Pa., in place of C. S. McNeely. Incumbent's commission expires May 26, 1932.

Lewis M. Watkin, jr., to be postmaster at Drexel Hill, Pa., in place of August Niemeyer, resigned.

John H. Lyter to be postmaster at Elizabethville, Pa., in place of J. H. Lyter. Incumbent's commission expires May 26, 1932.

Charles G. Fullerton to be postmaster at Freeport, Pa., in place of C. G. Fullerton. Incumbent's commission expired March 9, 1932.

John A. Keck to be postmaster at Greenville, Pa., in place of J. B. Chase. Incumbent's commission expired February 6, 1932.

Lionel W. Stevens to be postmaster at Knoxville, Pa., in place of L. W. Stevens. Incumbent's commission expires May 22, 1932.

Ray K. Garman to be postmaster at Lemoyne, Pa., in place of R. K. Garman. Incumbent's commission expires May 23, 1932.

Paul L. Boyd to be postmaster at Mars, Pa., in place of P. L. Boyd. Incumbent's commission expires May 25, 1932.

Maurice G. Coffey to be postmaster at Mill Hall, Pa., in place of M. G. Coffey. Incumbent's commission expires May 23, 1932.

Seth E. Sterner to be postmaster at Montgomery, Pa., in place of S. E. Sterner. Incumbent's commission expired May 16, 1932.

Thomas B. Painter to be postmaster at Muncy, Pa., in place of T. B. Painter. Incumbent's commission expired May 16, 1932.

John W. Snedden to be postmaster at Oil City, Pa., in place of H. G. Johnson, deceased.

Homer D. Sarge to be postmaster at Pine Grove, Pa., in place of H. D. Sarge. Incumbent's commission expires May 26, 1932.

Teresa G. Burke to be postmaster at Renovo, Pa., in place of T. G. Burke. Incumbent's commission expires May 23, 1932.

Laura C. Ehler to be postmaster at Shippensburg, Pa., in place of L. C. Ehler. Incumbent's commission expires May 23, 1932.

Mark Mumma to be postmaster at Steelton, Pa., in place of Mark Mumma. Incumbent's commission expired March 3, 1931.

Walter D. Lewis to be postmaster at Ulysses, Pa., in place of W. D. Lewis. Incumbent's commission expires May 26, 1932.

John N. Snyder to be postmaster at Williamstown, Pa., in place of J. N. Snyder. Incumbent's commission expired April 5, 1932.

Albert A. Campbell to be postmaster at Zelienople, Pa., in place of A. A. Campbell. Incumbent's commission expired May 10, 1932.

## SOUTH CAROLINA

Henry N. Folk to be postmaster at Bamberg, S. C., in place of H. N. Folk. Incumbent's commission expired May 26, 1930.

Waula E. Westbrook to be postmaster at Blacksburg, S. C., in place of W. E. Westbrook. Incumbent's commission expired January 16, 1932.

Washington M. Ritter to be postmaster at Cope, S. C., in place of W. M. Ritter. Incumbent's commission expired March 12, 1932.

John A. Chase to be postmaster at Florence, S. C., in place of J. A. Chase. Incumbent's commission expired March 12, 1932.

Herbert A. Horton to be postmaster at Lancaster, S. C., in place of H. A. Horton. Incumbent's commission expired April 5, 1932.

Harry E. Wessinger to be postmaster at Lexington, S. C., in place of J. R. Corley. Incumbent's commission expired January 16, 1932.

James B. Mackintosh to be postmaster at McClellansville, S. C., in place of J. D. Mackintosh. Incumbent's commission expired April 5, 1932.

Mary C. McInerney to be postmaster at Moultrieville, S. C., in place of K. L. Buckley, removed.

Gordon S. Beard to be postmaster at Myrtle Beach, S. C., in place of G. C. Cox, resigned.

David L. Tindal to be postmaster at Pinewood, S. C., in place of J. M. Davis, jr., removed.

Howard F. Glasser to be postmaster at Ridgeland, S. C., in place of B. D. Bedell, removed.

Sarah C. Starnes to be postmaster at Ridgeway, S. C., in place of S. C. Starnes. Incumbent's commission expires May 26, 1932.

John W. Geraty to be postmaster at Yorges Island, S. C., in place of J. W. Geraty. Incumbent's commission expired February 2, 1932.

## SOUTH DAKOTA

George O. King to be postmaster at Faith, S. Dak., in place of A. J. McCormack. Incumbent's commission expired February 21, 1932.

Della Reue to be postmaster at Leola, S. Dak., in place of Della Reue. Incumbent's commission expired May 10, 1932.

Albert Koehne to be postmaster at Oldham, S. Dak., in place of Albert Koehne. Incumbent's commission expires May 26, 1932.

John A. Hawkins to be postmaster at Waubay, S. Dak., in place of J. A. Hawkins. Incumbent's commission expired May 10, 1932.

## TENNESSEE

Byron C. Lynch to be postmaster at Centerville, Tenn., in place of L. C. Beasley, deceased.

Dewey F. Winnett to be postmaster at Woodbury, Tenn., in place of J. E. Davenport. Incumbent's commission expired January 25, 1932.

## TEXAS

Mabel F. Selkirk to be postmaster at Blessing, Tex., in place of M. F. Selkirk. Incumbent's commission expired May 16, 1932.

Isaac H. Kendrick to be postmaster at Cross Plains, Tex., in place of C. W. Barr. Incumbent's commission expired December 19, 1931.

Cornelius A. Ogden to be postmaster at Deweyville, Tex., in place of C. A. Ogden. Incumbent's commission expired March 21, 1932.

Richard M. Hanson to be postmaster at Mission, Tex., in place of S. P. Rosette, removed.



Helen Morris to be postmaster at Morgan, Tex., in place of Helen Morris. Incumbent's commission expires May 26, 1932.

Llewellyn R. Atkins to be postmaster at New Boston, Tex., in place of L. R. Atkins. Incumbent's commission expired March 27, 1932.

James A. Gray to be postmaster at Pecan Gap, Tex., in place of J. A. Gray. Incumbent's commission expired April 2, 1932.

Luther Bowers to be postmaster at Seagoville, Tex., in place of Luther Bowers. Incumbent's commission expired April 2, 1932.

William J. Davis to be postmaster at Silsbee, Tex., in place of W. J. Davis. Incumbent's commission expired April 20, 1932.

Killen M. Moore to be postmaster at Truscott, Tex., in place of D. C. Hutton. Incumbent's commission expired December 15, 1931.

#### UTAH

Wilson Murray to be postmaster at Vernal, Utah, in place of E. J. Young, jr., resigned.

#### VIRGINIA

Joseph E. Dinwiddie to be postmaster at Appomattox, Va., in place of Robert Irby, deceased.

Sam B. Jessee to be postmaster at Cleveland, Va., in place of J. R. Jones, resigned.

Bernard Willing to be postmaster at Irvington, Va., in place of Bernard Willing. Incumbent's commission expired May 14, 1932.

Guthrie R. Dunton, jr., to be postmaster at White Stone, Va., in place of G. R. Dunton, jr. Incumbent's commission expired May 14, 1932.

#### WASHINGTON

Trygve Lien to be postmaster at Stanwood, Wash., in place of Trygve Lien. Incumbent's commission expired May 17, 1932.

#### WISCONSIN

William R. Hartley to be postmaster at Fountain City, Wis., in place of P. L. Fugina, deceased.

Francis W. Altenburg to be postmaster at Hazel Green, Wis., in place of J. I. Edwards, removed.

Conrad Baetz to be postmaster at Two Rivers, Wis., in place of Conrad Baetz. Incumbent's commission expires May 26, 1932.

C. Clyde Harris to be postmaster at Waupun, Wis., in place of C. C. Harris. Incumbent's commission expires May 26, 1932.

#### WYOMING

Frank G. Brown to be postmaster at Fort Laramie, Wyo., in place of F. G. Brown. Incumbent's commission expired May 12, 1932.

Benjamin G. Rodda to be postmaster at Gebo, Wyo., in place of B. G. Rodda. Incumbent's commission expired May 17, 1932.

#### WITHDRAWAL

*Executive nomination withdrawn from the Senate May 17 (legislative day of May 9), 1932*

#### POSTMASTER

John N. Powell to be postmaster at Southern Pines, in the State of North Carolina. (Nominee died May 7, 1932.)

## HOUSE OF REPRESENTATIVES

TUESDAY, MAY 17, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Enable us to believe, Almighty God, and that, too, with masterful assurance, that we are living in a republic in which the forces of construction are mightier than the powers of destruction. Above every mad, turbulent wave of discontent let there bend the bow of promise, for Thou, O Lord, art in the heavens. We beseech Thee to let it arch

our whole country in colors of divine illumination, speaking of the quiet, silent forces, which are mightier than the causes of distress and confusion. O God, do Thou lift a towering light and let it radiate over these restless, ragged days and give the benediction of rest. May it fall across every hearthstone, giving promise that our land will be dominated by confidence, courage, and industry, making it live by the newness of its own light and power. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### INTEREST RATE ON BONUS CERTIFICATES

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks briefly in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I arise to stress as forcibly as I can the obligation that rests upon Congress to enact legislation immediately that will reduce the rate of interest World War veterans are now compelled to pay to the Government on loans issued on their bonus certificates. If ever an obligation rested on sound principles of justice and good morals that one does. A revision downward of the interest rate is imperative if Congress is to show good faith toward the Nation's defenders whose bravery and devotion in the dark days of the World War saved civilization and established America's permanency as the greatest free nation on the globe.

In asserting that we must reduce the interest on adjusted-service certificates to keep faith with the soldiers I speak advisedly and without overstatement of the facts. Nations are bound by precepts of honesty and honor the same as individuals, and how can anyone even remotely justify the action of a government that borrows money at 2 per cent and with Shylock cupidity exacts from its defenders, from those who offered their lives that the Nation might live, the profiteering rate of 4½ per cent?

"Profiteering at the expense of the World War soldiers," is what Henry L. Stevens, jr., national commander of the American Legion, calls this legalized extortion, and that expression describes it accurately. In a statement given out in New York recently Commander Stevens said:

Profiteering by the Government at the expense of the veterans must stop, and this present period of depression is the proper time to stop it. It isn't fair for the Government to make a profit on money which in deed and in fact belongs to the individual service man holding an adjusted-compensation certificate, a gilt-edge Government security.

The interest rate should be lowered to 2 per cent, if not eliminated entirely. The American Legion is using every power at its command to procure the passage of the Ludlow bill to decrease the interest rate in the present session of Congress, and thereby do away with an existing outrage against the former defenders of the Nation.

The bill I introduced to lower the interest rate on the bonus loans to 2 per cent and for the passage of which Commander Stevens so earnestly pleads is H. R. 6593. It was introduced by me at the request of the American Legion on December 22, 1931. I ask every Member of the House to study this bill and to ponder whether it is not our duty now to pass it and thus wipe out the charge that we are giving countenance and support to the profiteering that is going on every day at the expense of the Nation's defenders. This bill is now pending before the Ways and Means Committee, and I hope for early favorable action.

There are bonus loans now outstanding to the amount of \$1,290,712,920. My bill would lower the interest rate from 4½ to 2 per cent, which is approximately the rate the Government has to pay for money it borrows to supply funds to make these loans. Interest at 4½ per cent on the total volume of these outstanding loans amounts to \$58,082,081. Interest on the same loans at 2 per cent would amount to \$25,814,258. The difference between \$58,082,081 and \$25,814,258, or \$32,267,823, is the measure in dollars and cents of the profiteering which the Government is inflicting every year upon the World War soldiers of this country.

Striking as are these figures the situation may perhaps be explained more impressively by citing a specific case. We



will take the case of a bonus certificate for \$1,000 face value, dated January 1, 1925, on which a maximum bonus loan of 50 per cent, or \$500, was issued March 1, 1931. The accumulated interest on that loan will be so great that on January 1, 1945, when the certificate will mature, the soldier will have coming to him only \$84. In other words, the accumulated interest will be \$416, which, when added to the loan of \$500, will make the soldier's total obligation \$916, and will leave him the pitiful sum of \$84.

Now, let us see what the result would be if Congress passes my bill—the American Legion bill—and reduces the interest rate to 2 per cent. In that case the accumulated interest on maturity date, January 1, 1945, would be only \$156.49, leaving the veteran a balance of \$343.51.

Shall we continue to profiteer against the soldier and cut him off with a paltry trifle, a mere bagatelle in dollars and cents, when his bonus certificate expires, or shall we be fair and just toward him, giving him the benefit of the same interest rate at which the Government itself is able to borrow the money which in turn it lends to him?

There is, in good conscience, only one possible answer to this question. Surely the veteran, to whom we are all so prone to render lip service, is entitled to the benefit of the same rate which the Government secures when it borrows money. Surely no one will contend that the Government should be allowed to profiteer off the soldiers. It then becomes a matter of ascertainment of the rate at which the Government can obtain money, and Treasury operations have repeatedly demonstrated that 2 per cent Treasury loans find ready takers. On April 27 this year a Treasury offering of \$225,000,000 worth of 2 per cent certificates of indebtedness for one year was oversubscribed seven times. The subscriptions aggregated \$1,700,000,000. At the same time the Treasury offered \$225,000,000 worth of 3 per cent Treasury notes for two years, which were oversubscribed ten times, the subscriptions aggregating \$2,496,000,000.

Let us show our gratitude to the veterans and correct a very obvious wrong which needs immediate correction by passing H. R. 6593 to reduce the rate of interest on bonus loans to 2 per cent.

#### PHILIPPINE INDEPENDENCE

Mr. OSIAS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. OSIAS. Mr. Speaker, I desire to reply to the remarks of the gentleman from Kentucky [Mr. THATCHER] on the Philippines, which appear in the CONGRESSIONAL RECORD for April 5, 1932, page 7483.

I wish at the outset to admit without reservation that the attitude of the gentleman from Kentucky toward the Filipinos has been genuinely friendly and uniformly sympathetic and that his vote on the Hare bill (H. R. 7233) providing for the independence of the Philippines was actuated by the highest and sincerest motive. He has been a student of the Philippine problem for several years, and at one time my people had the pleasure of welcoming him when he visited the Philippine Islands. His remarks breathe his kindly spirit, and his goodness of heart is manifest in his commendatory reference to the labors of my fellow Commissioner and myself. I thank him for all these.

My only regret is that he is not as yet fully enlisted on the side of independence as the solution of the American-Philippine question. But even so it is a joy to disagree with a gentleman so considerate and of such high and noble sentiments. This I have come to know from my personal contacts and conversations with him, and the discussion presenting his views only serves to strengthen the belief I have had of him. In answering him I trust I may succeed in manifesting equally sincere motives and an equal desire to see right and justice as the prime desiderata in arriving at a proper settlement.

What better proof could there be as to the nobility of the gentleman and the fairness of his views than his wish that the Filipinos may realize their just aspiration, or his wish that "there should be no feeling or condition of 'inferiority

complex,' anywhere under the American flag," or his being against "trade embargoes against the Philippines," or his proposal that the Philippine Islands be accorded "a statehood status"?

It is to this statehood formula of his that I wish primarily to address my remarks. Such a formula can best be stated in the words of the gentleman from Kentucky himself:

I have hoped that some formula or plan might be evolved which would cause them, proud and happy, to desire to remain under the American flag. I have heretofore suggested that such a formula might be found through giving to the Philippines a statehood status, with representation in the House and Senate, with full powers—including the right to vote on all questions—now accorded Members of the House and Senate, coming from the States of the Union. Such a statehood status should be somewhat different from that obtaining as to existing States of the Union, because of the differences in the local conditions prevailing in the Philippines and in continental United States. Necessarily the Philippines would have to be vested with greater local powers and benefits than the respective existing States possess. This consideration would have to be borne in mind as regards the number of Representatives in the Congress to be accorded the islands. Further, the questions of immigration and customs would require, in the Philippines, a treatment different from that obtaining as to the present States. These questions could be handled through some form of mutual or reciprocal basis.

A subtle and fine compliment is paid my people by the gentleman that he should deem our country worthy to form a part of the sisterhood of States that constitute the American Union. Yet I am constrained to say that statehood can not be the solution for the Philippine question.

There are many reasons that could be adduced against the Philippines becoming a State in the Union, some of which I shall enumerate:

First. The Philippines and the United States geographically are antipodal. Ten thousand miles distant from the seat of the Federal Government, in an oriental environment, my island country can not properly or advantageously be one of the States under the Stars and Stripes.

Second. Speaking in all frankness, I fear that racial differences would be almost insurmountable obstacles to giving the Philippines the status of statehood. The Filipinos are essentially orientals of Malayan stock, while the Americans are essentially occidentals of a different race.

Third. A statehood status for the Philippines is not advocated by any responsible group in the United States or in the islands. To make the Philippines free and independent, not to make it a State, has been the invariable policy of the American Government.

Fourth. While the products of the two countries would appear to be complementary and supplementary, the rank and file of American farmers have unequivocally shown that they consider the products of the Philippines competitive with those of the United States.

Fifth. The difference in historical background would make it difficult to develop a community of loyalty on the part of the people of those islands and the people of continental United States and to habituate them to look upon a more or less artificial union of two distinct lands as "our country."

Sixth. Americans by and large would probably deem the addition of another State disturbing to the symmetry of the stars now obtaining in the national ensign of the United States.

Seventh. The radically different and distinct cultural inheritances of Americans and Filipinos would make it well-nigh impossible to effect that unity and solidarity of civilization so desirable in a common country.

But quite aside from the foregoing considerations, there is a phase, political and practical, which, if known by the American people, should make them decidedly oppose making the Philippines a State, and I would not blame them for it. With our population of 13,000,000, if the Philippines were a State, we, the Filipinos, could hold the balance of power in important decisions like a presidential election. In fact, it is not hard to see that under certain circumstances the Filipinos would rule the United States, and as I am not willing that others should rule us, consistency requires that I should not favor our ruling others.

This contention is by no means far-fetched. Let me point out the legislative effect of a statehood status for the islands



upon Congress. The Philippines would be entitled to two Senators. Now two additional Senators may not loom so large in a deliberative body like the United States Senate. But in the House of Representatives, the Filipinos could be a controlling factor, because, on the basis of a Congressman for every 250,000 inhabitants, it would mean that the Philippines would be entitled to 52 or more Representatives in the Congress of the United States. Such a bloc could control legislation. This is so obvious, especially with the present proportion of Republicans and Democrats in the membership of the Seventy-second Congress.

Of course, the gentleman from Kentucky speaks of according a different arrangement to the islands "as regards the number of representatives in the Congress" and "a treatment different from that obtaining as to the present States." But these very reservations in reality show the weakness of the formula of giving a statehood status to the Philippines. Such a scheme of differentiation is untenable because the different States of the Union are all supposedly on a coequal basis.

I believe I have said enough to demonstrate that the formula of according the status of statehood to the Philippines is impracticable, illusory, and undesirable either from the standpoint of the United States or that of the Philippine Islands. The matter is further complicated by the fact that the gentleman from Kentucky himself admits that his formula would probably require "time, patience, and, perhaps, an amendment to the Federal Constitution." Now, everyone who has served in the Congress knows how difficult it is to effect a constitutional amendment.

With full appreciation of the motive and purpose of my good friend and colleague, I must urge that statehood is not the practical and permanent solution of the Philippine problem but the grant of independence as promised by the United States and desired by the people of the islands. The beautiful picture which the gentleman from Kentucky [Mr. THATCHER] paints of the Philippines as a State, "making its distinctive and invaluable contribution to the common Nation," can be made more beautiful and grander with the Philippines as a distinct and independent republic co-operating with America as a coequal partner in an enterprise to advance the common welfare and permanent good of the world.

If, as my friend admits, "the Philippine Islands came to the United States as a result of a war of liberation \* \* \*," the logical outcome must be not to incorporate the Philippines as a State but to liberate it without delay so that the whole world may at last know that when America waged that war she did so not for subjugation or acquisition but for liberation.

If the Philippines is deemed worthy and qualified to be admitted as a State in the American Union, the inescapable conclusion must be that she is deserving and ready to become a member of the family of free and independent nations.

#### ADVANTAGE OF CONGRESSIONAL EXPERIENCE

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ARNOLD. Mr. Speaker, Champ Clark delivered an address on "The Making of a Representative," which has been often quoted. He was a Member of the House of Representatives for 26 years, during which he was Democratic floor leader for 4 years and Speaker 8 years; he also came very near to the Presidency. Champ Clark was a close student of government, a marvelous judge of human nature, and possessed an unusual amount of common sense. In the light of his long experience and splendid opportunity for observation, among other things, he said:

It is a high honor to be a Representative in Congress, if for only one term, and with the number of terms the honor increases in geometrical rather than in arithmetical proportion. A Member's usefulness to his country should increase in the same proportion. A man has to learn to be a Representative, just as he must learn to be a blacksmith, a carpenter, a farmer, an engineer, a lawyer, or a doctor.

Congressmen—that is, useful and influential Congressmen—are made largely by experience and practice.

It is an unwise performance for any district to change Representatives at short intervals. A new Congressman must begin at the foot of the class and spell up. Of course, the more brains, tact, energy, courage, and industry he has the quicker he will get up.

No man should be elected to the House simply to gratify his ambition. All Members should be elected for the good of the country.

After giving the names and terms of service of the House leaders and chairmen of important committees at the time of his address, Mr. Clark added:

Go through the whole list and you will find, with few exceptions, that the men of long service have the high places. \* \* \* His wide acquaintance with Members helps him amazingly in doing things.

By reason of the opportunity for observation afforded by my service as a Member of the House, as chairman of the Democratic caucus, and as a member of the Committee on Appropriations I have been very forcibly impressed with the advantage of long congressional service. The value of congressional experience is constantly manifested.

The House of Representatives is a great leveler. It may be said that it is "hard boiled" in many respects. The new Members may have been very prominent and influential in their respective States or communities, they may have been governors, judges, or occupied other exalted positions. However, they all look alike to the membership of the House until they have won their spurs in this body. The House will take their full and accurate measure in due time, and it is in no hurry about it; it awaits definite evidence.

Notwithstanding the propaganda to discredit Congress, disseminated by those interests who would destroy our representative form of government to fulfill their own selfish purposes, the House pursues its business in a serious manner, seeking to promote the general welfare of the American people.

The silly and sensational things said in Congress, the froth and foam, the flotsam and jetsam, are what is too often carried in the press. The conventional, serious, worth-while things done are "not good news." The membership itself of the House is little concerned in the sensational and bizarre utterances made too frequently for the purpose of getting newspaper publicity. It pays no attention to flamboyant speeches and "extensions of remarks" for home consumption.

Some of the most powerful and influential Members of the House speak infrequently, but when they do speak they have something worth while to say, and the House listens.

The problems of government are tremendous, varied, and complex; 25,000 or 30,000 bills and resolutions are introduced in each Congress and referred to the appropriate committees, where the winnowing process takes place, and from which but a small percentage of bills and resolutions emerge. It is physically and mentally impossible for any man to give a detailed study to all of the problems. A division of labor and specialization are absolutely necessary. Different Members specialize, more or less, in certain subjects, those over which their respective committees have jurisdiction. Of course, the membership of Congress embraces various types, just as do other groups. By close application and long study many Members acquire full and expert knowledge on certain problems. If the Members have learned from observation and association that a colleague has mastered a subject and that he can be relied upon to give accurate information, they listen to him on both sides of the Chamber. His store of information and views are not only welcomed but sought. He is a man of influence. He wields a power in shaping legislation.

The friendships which result from long and intimate association with his colleagues are of incalculable value to a Member—both in relation to general legislation and also matters of peculiar interest to the people of his district.

A necessary and important feature of a Representative's work is handling departmental matters for his constituents. The departments of the Government are so numerous and



varied that only by experience can a Member learn where and how most efficiently to serve his constituents in this respect.

The chairman of a committee has charge on the floor of bills reported by his committee. He is the leader of his party, and the ranking minority member the leader of his party, with respect to matters over which their committee has jurisdiction.

It is in the committees where hearings are held and facts developed upon bills and resolutions. If a bill is to be reported, it must be carefully examined and frequently rewritten or amended. The general public has but little conception of the amount and importance of the hard work performed by the committees.

A bill can not reach the House Calendar unless favorably reported by a committee, except that upon a petition of 145 Members a majority vote may discharge a committee and bring the bill to the floor for consideration, but this method has seldom been invoked.

The value of long service in Congress is clearly demonstrated by the election of the officers and the chairmen of important committees in each Congress.

For instance, during the last Congress, Hon. Nicholas Longworth, the Speaker of the House, was serving his thirteenth term; Hon. JOHN Q. TILSON, the majority leader, was serving his tenth term; and Hon. JOHN N. GARNER, the minority leader, was serving his fourteenth term. In the last Congress the average period of service of the chairmen and the ranking minority members of the exclusive or major committees of the House was approximately 10 terms or 20 years.

Examining the facts with respect to the present, the Seventy-second Congress, we find that Hon. JOHN N. GARNER, the Speaker, is serving his thirtieth year; Hon. HENRY T. RAINEY, the majority leader, is serving his twenty-eighth year; and Hon. BERTRAND H. SNELL, the minority leader, is serving his eighteenth year.

The names of the 12 exclusive committees of the House, the names of the chairmen, and of the ranking minority members of such committees, together with their respective terms of service, counting the present year, in the present Congress, are as follows:

Committee	Chairman	Years of service	Ranking minority member	Years of service
Ways and Means.....	James W. Collier..	24	Willis C. Hawley..	26
Appropriations.....	Joseph W. Byrns..	24	Wm. R. Wood.....	18
Interstate and Foreign Commerce.....	Sam Rayburn.....	20	James S. Parker....	20
Rules.....	Edward W. Pou... 32		Fred S. Purnell....	16
Judiciary.....	Hatton W. Sumners..	20	Leonidas C. Dyer..	20
Merchant Marine, Radio, and Fisheries.....	Ewin L. Davis.....	14	Frederick R. Lehlbach..	18
Banking and Currency.....	Henry B. Steagall..	18	Louis T. McFadden..	18
Foreign Affairs.....	J. Chas. Linthicum..	22	Henry W. Temple....	20
Agriculture.....	Marvin Jones.....	16	Gilbert N. Haugen..	34
Military Affairs.....	Percy E. Quinn.....	20	W. Frank James....	18
Naval Affairs.....	Carl Vinson.....	20	Fred A. Britten....	20
Post Office and Post Roads.....	James M. Mead.....	14	Archie D. Sanders..	16

From this tabulation it appears that the average term of service of both the chairmen and the ranking minority members of these committees is something over 10 terms, or 20 years.

Other important committees of the House which might be mentioned in this connection, together with the names and terms of service of the chairmen and ranking minority members, are as follows:

Committee	Chairman	Years of service	Ranking minority member	Years of service
Rivers and Harbors.....	Joseph J. Mansfield..	16	Richard P. Freeman..	18
Roads.....	Edward B. Almon..	18	Cassius C. Dowell..	18
World War Veterans' Legislation.....	John E. Rankin....	12	Royal C. Johnson....	18

Committee	Chairman	Years of service	Ranking minority member	Years of service
Flood Control.....	Riley J. Wilson....	18	Frank R. Reid.....	10
Immigration and Naturalization.....	Samuel Dickstein..	10	Albert Johnson....	20
Invalid Pensions.....	Mell G. Underwood..	10	John M. Nelson....	25
Public Lands.....	John M. Evans.....	18	Don B. Colton.....	12
Public Buildings and Grounds.....	Fritz G. Lanham....	14	J. Will Taylor.....	14
War Claims.....	Miles C. Allgood....	10	James G. Strong....	14
Territories.....	Quinn Williams....	10	Ernest W. Gibson..	10

In the present Congress the Democrats had more committee places in proportion to the Democratic membership than have resulted in a long time, due to the fact that the Democrats had a very slight majority in the House, but, in accordance with custom, took over a working majority of the places on each committee. This afforded a wealth of committee assignments for Democratic Members, particularly new Members, such as seldom occurs. This situation made it possible for 40 of the 55 newly elected Democratic Members to obtain places on major committees their first term, whereas ordinarily a Member has to serve a considerable time before he obtains such a committee assignment.

Upon the 12 exclusive committees of the House there were 84 Democratic vacancies, to which 44 old Members were assigned and 40 new Members were assigned. The vacancies and the assignments thereto were as follows:

Committee	Democratic vacancies	Old members elected	New Democrats elected
Ways and Means.....	7	7	0
Appropriations.....	7	6	1
Interstate and Foreign Commerce.....	7	5	2
Rules.....	4	4	0
Judiciary.....	6	5	1
Merchant Marine, Radio, and Fisheries.....	7	5	2
Banking and Currency.....	5	2	3
Foreign Affairs.....	7	1	6
Agriculture.....	9	2	7
Military Affairs.....	9	3	6
Naval Affairs.....	7	1	6
Post Office and Post Roads.....	9	3	6

In addition to the 84 Democratic vacancies on the said exclusive committees there were 206 Democratic vacancies on the 35 other committees of the House. Wherefore it was possible to assign each Member who was not placed on an exclusive committee to several other committees. Most of the old Members, in line for chairmanships, preferred these to transferring to major committees, and many old Members preferred membership on several committees to membership on an exclusive committee.

A large number of the Members of the United States Senate have served long and faithfully in the House of Representatives.

#### EXTENSION OF REMARKS

Mr. GARBER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by the chairman of the petroleum division of the American Mining and Metallurgical Engineers on the subject of the regulation of the production of crude petroleum.

The SPEAKER. Is there objection?

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, I call the attention of the House to the fact that there are 31 pages of inserted matter in the RECORD of yesterday at an expense to the taxpayers of \$1,400. I object to this request.

#### TIME FOR VOTING ON BILL FOR LEVYING A TAX ON BEER

Mr. CANNON. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. CANNON. Mr. Speaker, the motion of my friend from New York [Mr. O'CONNOR] to discharge the Committee on Ways and Means and consider the bill providing for a



tax on beer has received the requisite number of signatures and under the rule is in order on the 23d of this month.

I am to deliver the commencement address at Culver-Stockton College, one of the oldest colleges west of the Mississippi River, on the morning of the 24th, and in order to keep that engagement—made long before this motion was introduced—can not be in the House on the 23d when the motion to discharge is called up for consideration. I therefore ask unanimous consent that all proceedings relative to the bill (H. R. 10017) to provide additional revenue, and for other purposes, in order on the 23d, be in order on Friday next, May 20.

Mr. Speaker, I would not make the request were it not for the fact that this change of date will not in any way militate against the interests either of those who favor the bill or those who oppose it, and will not prejudice the rights of either in the consideration of the measure.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I would like to comply with the gentleman's request; but he is one of probably 100 Members who have said that May 23 would not be agreeable to them. It is absolutely impossible to pick out any date which is agreeable to everybody in this House. It has been advertised to the country that the vote is to be taken on May 23; that has been carried in all the newspapers, and I shall have to object, but I do so reluctantly.

[Here the gavel fell.]

Mr. CANNON. Mr. Speaker, I ask unanimous consent to proceed for one additional minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. CANNON. Of course, the gentleman from New York [Mr. O'CONNOR] realizes that the House is expecting to adjourn early in June, and that time is the essence of the proposition. Therefore, in view of his interest of the success of the bill, the earlier it is sent to the Senate the better its chances of enactment will be. I trust the gentleman will not object to early consideration and the incident advantage of the three days in reaching the Senate.

Mr. O'CONNOR. A few days will not make much difference. There are now men absent who do not plan to come back until the 23d.

Mr. CANNON. Then would the gentleman be willing to delay consideration a few days and call up the motion on the 31st? I ask unanimous consent that the motion be in order on Tuesday, May 31.

Mr. O'CONNOR. No; I can not agree to that. I am sorry.

#### CHAIN-STORE TAX IN THE DISTRICT OF COLUMBIA

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks on the subject of chain stores.

The SPEAKER. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, I have introduced a bill for a progressive or graduated tax to be applied to chain stores located in the District of Columbia.

Such a tax in Indiana has just been held constitutional by the United States Supreme Court, when it said that increased taxes according to number of stores under single control is lawful and in nowise discriminatory.

Recent studies clearly indicate that chain stores do not sell more cheaply than efficient independent retail merchants, although the chain-store associations are endeavoring to deceive the public into a contrary belief.

Recently the Supreme Court refused to allow the packers to enter the chain-store field. It said in effect that the independents shall not be crushed between the upper stone of existing chains and the nether stone of packer chains. It recognizes the necessity of protecting and guarding the independent merchant.

While the growth of chains in the District of Columbia has not yet reached menacing proportions, the tide is rising and soon chain stores will engulf the independents even in the

district. Now is the time to cast the anchor to windward before the storm breaks.

The proposed tax is as follows:

(a) Upon one store the annual license fee shall be \$5.

(b) Upon two stores the annual license fee shall be \$10 for each store.

(c) Upon three stores the annual license fee shall be \$15 for each store.

(d) Upon four stores the annual license fee shall be \$20 for each store.

(e) Upon five stores the annual license fee shall be \$25 for each store.

In each case the annual license fee shall be the equivalent of the number of stores multiplied by \$5. For example:

(f) The annual license fee on 100 stores shall be \$500 each store.

(g) The annual license fee on 200 stores shall be \$1,000 each store.

In no case shall the annual license fee for any one store be in excess of \$1,000.

It is hoped that passage by Congress of such an act will blaze the trail for action by most of the States. Several States have already passed such laws. Some 80 similar bills are pending in the various State legislatures.

Independent merchants will become as extinct as the dodo unless they are placed upon some parity with the chains. In many large cities there are no more unit retail cigar stores, no more independent dry goods and notions stores, and few independent retail grocers. Soon the independent druggists, butchers, and bakers will walk the plank. They can not compete against the expert and mass purchasing, skilled management, and tremendous advertising power of the chains. They have no chance for their "white alley," unless the strong arm of the Government's taxing power comes to their aid. The tremendous growth of the chains must be scotched.

Chains owners are not interested in anything in the local communities except the profit they take therefrom. Chains do not become a part of the religious, civic, or commercial life of the communities. Chains pay far less wages than the independents. They make for greater unequal distribution of wealth. One of the largest chains last year reported a net profit of over \$30,000,000. Over 80 per cent of its stock is owned by one family. The chain comprises 17,000 stores. Our present economic difficulty among other things arises from lack of purchasing power. If 80 per cent of that thirty million net profit had been divided among 17,000 retail merchants how much more effective would have been the Nation's purchasing power.

There are to-day some 7,839 chain-store companies operating over 198,000 chain stores, doing a business in excess of \$15,000,000,000 a year. The chains have increased during the past 16 years about 400 per cent in number of parent companies and 800 per cent in number of store units, and 1,500 per cent in volume of business. Unless some drastic changes take place by 1940 more than half of retail distribution will be in the hands of the chains.

Chains undoubtedly satisfy an economic necessity. But they must not grow at the expense of the fearless, independent, worthwhile citizen struggling to operate his retail store and striving to maintain his family and educate his children. Such citizens can not be sacrificed upon the altar of the greed of chains without distinct moral and spiritual loss to the Nation.

The bill follows:

[H. R. 12074, in the House of Representatives, 72d Cong., 1st sess.]

A bill to impose an excise or license tax on retail merchants in the District of Columbia, as the words "retail merchants" are used in this act; to provide for the collection of such tax, the distribution and use of the revenue derived therefrom, the administration of said law, and a penalty

Be it enacted, etc., That from and after the 1st day of January, 1933, it shall be unlawful for any person, firm, or corporation, either domestic or foreign, to operate, maintain, open, or establish any retail store or mercantile establishment in the District of Columbia without having first obtained a license so to do from the superintendent of licenses.



Sec. 2. Any person, firm, or corporation desiring to operate, maintain, open, or establish a store in the District of Columbia shall apply to the superintendent of licenses for a license so to do. The application for a license shall be made on a form which shall be prescribed and furnished by the superintendent of licenses, and it shall set forth the name of the owner, manager, trustee, licensee, receiver, or other person desiring such license; the name of the store, the location, including the street number of such store, and such other facts as the superintendent of licenses may require. If the applicant desires to operate, maintain, open, or establish more than one such store, he shall make a separate application for a license for each such store, but the respective stores for which the applicant desires to secure licenses may all be listed on one application blank. Each such application shall be accompanied by the license fee hereinafter prescribed.

Sec. 3. As soon as practicable after the receipt of any such applications the superintendent of licenses shall carefully examine such applications to ascertain whether they are in proper form and contain the necessary and requisite information, and, if so, and if the license fees herein prescribed shall have been paid, the superintendent of licenses shall issue to the applicant a license for each store for which an application for a license shall have been made. Each licensee shall display the license so issued in a conspicuous place in the store for which such license is issued.

Sec. 4. All licenses shall be so issued as to expire on the 31st day of December of each year. On or before the 1st day of January of each year every person, firm, or corporation having a license shall apply to the superintendent of licenses for a renewal license for the calendar year next ensuing. No license shall lapse prior to the 31st day of January of the year next following the year for which such license was issued, and if by the 31st day of January an application for renewal license has not been made the superintendent of licenses shall notify such delinquent license holder thereof by registered mail, and if application is not made for and a renewal license issued on or before the last day of February next ensuing, the former license shall lapse and become null and void. Each such application for renewal license shall be accompanied by the license fee hereinafter prescribed.

Sec. 5. Every person, firm, or corporation opening, establishing, operating, or maintaining one or more stores within the District of Columbia, under the same general management, supervision, or ownership, shall pay to the collector of taxes the license fees hereinafter prescribed for the privilege of opening, establishing, operating, or maintaining such stores. The license fees herein prescribed shall be paid annually. The license fees herein prescribed shall be as follows:

- (a) Upon one store the annual license fee shall be \$5.
  - (b) Upon two stores the annual license fee shall be \$10 for each store.
  - (c) Upon three stores the annual license fee shall be \$15 for each store.
  - (d) Upon four stores the annual license fee shall be \$20 for each store.
  - (e) Upon five stores the annual license fee shall be \$25 for each store.
- In each case the annual license fee shall be the equivalent of the number of stores multiplied by \$5. For example:
- (f) The annual license fee on 100 stores shall be \$500 for each store.
  - (g) The annual license fee on 200 stores shall be \$1,000 for each store.
  - (h) In no case shall the annual license fee for any one store be in excess of \$1,000.

Sec. 6. Every license issued prior to the 1st day of July in any year shall be charged for at the full rate herein prescribed, and every license issued on or after the 1st day of July in any year shall be charged for at one-half of such full rate.

Sec. 7. The provisions of this act shall be construed to apply to every person, firm, corporation, or copartnership, either domestic or foreign, which is controlled or held with others by majority stock ownership or ultimately controlled or directed by one management. But the provisions of this act shall not be construed to apply to any voluntary chain or group of independent retail merchants, organized for cooperative purchasing, cooperative distribution, and/or cooperative management, where the title of ownership of each store is in the name of an independent retail merchant.

Sec. 8. The term "store," as used in this act, shall be construed to mean and include any store or stores or any mercantile establishment or establishments which are owned, operated, maintained, or controlled by the same person, firm, corporation, or copartnership, either domestic or foreign, in which goods, wares, or merchandise of any kind are sold, either at retail or wholesale.

Sec. 9. Any person, firm, or corporation who shall violate any of the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not less than \$25 nor more than \$100, and each and every day that such violation shall continue shall constitute a separate and distinct offense.

Sec. 10. All moneys collected under the provisions of this act shall be paid by the collector of taxes into the Treasury of the United States entirely to the credit of the revenues of the District of Columbia.

Sec. 11. The Commissioners of the District of Columbia are authorized hereby and herein to make rules and regulations necessary and appropriate to carry out the provisions of this act.

Sec. 12. This act shall take effect immediately.

#### WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes. Pending that motion I would like to reach an agreement with the gentleman from California, if possible, that debate on amendments to the Organized Reserve, the citizens' military training camps, and the Reserved Officers' Training Corps be limited to 40 minutes, to be divided equally between the gentleman from California and myself, and that debate on the amendment with reference to the National Board for the Promotion of Rifle Practice be limited to 20 minutes, to be divided equally between the gentleman from California and myself.

Mr. BARBOUR. I may state to the gentleman that there will be two amendments on the Reserve Officers' Training Corps provision, one as to the amount and the other with respect to the provision in the bill relative to elective and compulsory training.

Mr. COLLINS. Then I would suggest that we agree on 40 minutes of debate as to each one of those items.

Mr. BARBOUR. That will be agreeable, and I hope we will not need to use all the time.

Mr. COLLINS. By making this agreement we can get through with the bill this afternoon.

Mr. SNELL. How much general debate does the gentleman's request now mean?

Mr. COLLINS. Three hours.

Mr. SNELL. Then there is no possibility of completing the bill this afternoon unless we run until late to-night, and under the present situation I can not see any reason why we should run late. Why should we not agree to get through with everything except the voting and have the votes on Thursday?

Mr. COLLINS. I think we can get through with the entire bill this afternoon. These are the only controversial items, and the debate would be concluded at 3.30.

Mr. LA GUARDIA. Mr. Speaker, reserving the right to object, I want to point out to the gentleman from Mississippi [Mr. COLLINS] that we are establishing a practice which is a departure from our rules by such extensions of time for general debate after the committee starts the reading of the bill for amendment. It seems to me that after years of experience the House has adjusted itself to the 5-minute rule, and I think this is a bad precedent. It is going to prevent proper protection of the bill and is going to destroy orderly consideration of a bill. Members are presumed to know, and do know, the contents of the bill, and there is generous allowance for general debate. It seems to me when the bill is up for reading under the 5-minute rule, we ought to go through with it in accordance with the provision of the rules. I shall not object, although I doubt the wisdom of this procedure.

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, of course, I shall not object, but I am in the same attitude as the gentleman from New York [Mr. LA GUARDIA]. It appears to me by this method of procedure we are embarking upon a very unwise precedent, which, in effect, sets aside, as has been suggested, the time-tested principles of the 5-minute rule. I shall not object, but I think very serious consideration ought to be given to any future requests of this sort.

The SPEAKER. The Chair wants to inform the gentleman from New York and the gentleman from Alabama that they have expressed the sentiments of the Chair.

Mr. COLLINS. Mr. Speaker, I withdraw the request.

Mr. SCHAFER. Mr. Speaker, I shall object so we can get on with the consideration of the bill instead of fiddling around here trying to get a unanimous-consent agreement.

The SPEAKER. The question is on the motion of the gentleman from Mississippi.

The motion was agreed to.



Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11897, the War Department appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

PAY OF MILITARY ACADEMY

Cadets: For pay of cadets, \$964,080: *Provided*, That no part of this appropriation shall be available for the pay of any cadet appointed from enlisted men of the Army for admission to the Military Academy in the class entering in the calendar year 1933 who has not served with troops in the Regular Army for at least nine months.

Mr. GOSS. Mr. Chairman, I make a point of order on lines 18 to 23 of the paragraph just read. I would call the attention of the Chair to the fact that this proviso refers to men entering the Military Academy in the calendar year 1933, and in the law it is provided that no cadet can enter the Military Academy until after July 1. So we are having here a conflict between the calendar year and the fiscal year. It is also legislation upon an appropriation bill.

The CHAIRMAN (Mr. Woodrum). Does the gentleman from Mississippi desire to be heard on the point of order?

Mr. COLLINS. Mr. Chairman, I concede the point of order.

The CHAIRMAN. The Chair sustains the point of order.

Mr. COLLINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 47, line 18, after the amount, insert, "*Provided*, That no part of this appropriation shall be available for the pay of any cadet appointed from enlisted men of the Army for admission to the Military Academy in the class entering in the fiscal year 1933 who has not served with troops in the Regular Army for at least nine months."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

Mr. GOSS. Mr. Chairman, I move to strike out the last word for the purpose of inquiring what has been done with the subsistence allowance for professors of \$4,000, and also the pay of the professors at the Military Academy, inasmuch as the language of the bill is "pay for employees, civilians," and has no reference to the officer personnel. What has the gentleman done about that?

Mr. COLLINS. It is all carried under "Pay of the Army," which is an item that we have passed.

Mr. GOSS. So there has been no reduction in this personnel?

Mr. COLLINS. No.

Mr. LA GUARDIA. Mr. Chairman, I move to strike out the last word. I want to call the attention of the committee to some of the stunts that are pulled off by the Army for so-called advertising purposes. I have in mind a case in New York where a banquet was held by the sporting world—and there is no criticism of the banquet—they had a perfect right to hold it—but as a stunt an artillery battery in full marching orders was ordered from Fort Jay, Governors Island, to the Biltmore Hotel. They went up in the elevator—the horses and a caisson—and paraded in the banquet hall while the sporting fraternity held the banquet.

If that had been the bad judgment of a local officer, I would not have called attention of the House to the incident. I took the matter up with the Secretary of War, and much to my surprise, he ratified and approved of the action of the local commanding officer.

I know that some of my colleagues will hardly believe that such a thing is possible. I have here clippings from the rotogravure section of the New York Times and the New York Herald Tribune of September 27, 1931, underneath of which is announced "An Artillery team from Governors Island parade at the banquet at Biltmore. Passed among the Four Hundred as a tribute paid to Mr. Widener for his contribution to the races."

Here you see the diners applauding the artillery battery going through the banquet hall. It also shows that it is a Regular Army detachment.

I took the matter up with the War Department, and I want to read the reply. It is signed by the Acting Secretary of War on October 9, 1931, and reads as follows:

OCTOBER 9, 1931.

Hon. F. H. LA GUARDIA,  
Representative in Congress,  
295 Madison Avenue, New York City.

DEAR MR. LA GUARDIA: Reference is made to your letter of September 28, 1931, in regard to a picture appearing in the New York Herald Tribune of Sunday, September 27 last, showing an Artillery team from Governors Island passing among 400 guests at the dinner in tribute to Mr. J. E. Widener, president Westchester Racing Association, in which letter you request information as to the authority for using United States Army troops for such purposes.

A full report of this matter has just been received from the commanding general Second Corps Area, from which it appears that the team in question consisted of four draft horses and a caisson from Governors Island voluntarily furnished at no expense to the Government, and in appreciation of what Mr. Widener has done in the way of entertaining foreign military teams that have come to the United States to participate in international military horse-show events conducted under the authority of the War Department.

It is the policy of the War Department to permit troops to participate in local celebrations of an appropriate nature, no matter how small, when such participation does not involve any expense to the Government or the individuals concerned and does not interfere with military training. Under Army regulations, the commanding general Second Corps Area was within the scope of his authority when he permitted this team to be at the place of the dinner in appreciation of Mr. Widener's services.

Trusting that the foregoing will satisfactorily answer the question raised in your letter, I am,

Sincerely yours,

F. H. PAYNE,  
Acting Secretary of War.

Now, I submit that this dinner was not a local patriotic celebration. I submit that the participation of the horses and team was not justified and it was not conducive to military discipline or to the morale of the troops.

Now, it is conduct of that sort that is creating such an atmosphere in the Army that I do not believe is conducive to good discipline.

As a boy I was raised at a military post. All my boyhood was spent there. Soldiers were soldiers in those days, and we did not send soldiers with full equipment to entertain along with cabaret artists and appear on the same program. I protest against such procedure. [Applause.]

The Clerk read as follows:

MAINTENANCE, UNITED STATES MILITARY ACADEMY

For text and reference books for instruction; increase and expense of library (not exceeding \$6,000); office equipment and supplies; stationery, blank books, forms, printing and binding, and periodicals; diplomas for graduates (not exceeding \$1,100); expense of lectures; apparatus, equipment, supplies, and materials for purposes of instruction and athletics, and maintenance and repair thereof; musical instruments and maintenance of band; care and maintenance of organ; equipment for cadet mess; postage, telephones, and telegrams; freight and expressage; for payment of commutation of rations for the cadets of the United States Military Academy in lieu of the regular established ration; maintenance of children's school (not exceeding \$12,200); contingencies for superintendent of the academy, to be expended in his discretion (not to exceed \$4,000); expenses of the members of the Board of Visitors (not exceeding \$1,500); contingent fund, to be expended under the direction of the Academic Board (not exceeding \$500); improvement, repair, and maintenance of buildings and grounds (including roads, walls, and fences); shooting galleries and ranges; cooking, heating, and lighting apparatus and fixtures and operation and maintenance thereof; maintenance of water, sewer, and plumbing systems; maintenance of and repairs to cadet camp; fire-extinguishing apparatus; machinery and tools and repair of same; maintenance, repair, and operation of motor-propelled vehicles; policing buildings and grounds; furniture, refrigerators, and lockers for Government-owned buildings at the academy and repair and maintenance thereof; fuel for heat, light, and power; and other necessary incidental expenses in the discretion of the superintendent; in all, \$1,123,354.

Mr. COLLINS. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. COLLINS: Page 48, line 16, strike out "\$4,000" and insert in lieu thereof "\$3,500."

Mr. COLLINS. Mr. Chairman, the naval appropriation bill carried a similar reduction in the contingent fund of the Superintendent of the Naval Academy. This is simply



to make the amount conform to the amount carried in the naval appropriation bill for a similar purpose.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. STAFFORD. Has the gentleman any specific information as to the purpose for which this fund may be used?

Mr. COLLINS. It is used largely for the entertainment of distinguished guests.

Mr. STAFFORD. The gentleman realizes that West Point is differently situated by reason of its proximity to New York than Annapolis in its proximity to Baltimore and Washington. There are many more distinguished guests, I would say offhand, who visit the Military Academy and inspect it, where the superintendent by reason of the amenities is obligated to extend courtesies and entertainment than is the case at the Naval Academy.

Mr. COLLINS. I imagine that the reverse of what the gentleman says is true, because of the proximity of Annapolis to Washington. However, the amounts carried for this purpose at each of the academies for the present fiscal year are the same and we feel that they should continue to remain the same. This is merely for the purpose of making the Military Academy appropriation conform to the similar appropriation heretofore passed by the House for the Naval Academy.

Mr. STAFFORD. The basis for my statement is the accounts in the metropolitan newspapers as to the greater number of foreign dignitaries and officials who visit the Military Academy than the Naval Academy. Has the gentleman any information as to the amount the superintendent on the average has expended from this fund? I do not think that we should place too great a stricture upon the superintendent in entertaining foreign guests who visit the academy.

Mr. COLLINS. I understand that all of it or nearly all has been expended each year.

Mr. LAGUARDIA. What expense of entertainment can there be?

Mr. STAFFORD. I shall give the gentleman one instance. The Board of Visitors, appointed by the Speaker, attended the Military Academy and made an intensive inspection of the academy for three days. That board was comprised of the gentleman from South Carolina [Mr. McSWAIN], the gentleman from Pennsylvania [Mr. COCHRAN], the gentleman from Connecticut [Mr. GOSS], and myself. The superintendent tendered us a dinner at his home on Saturday evening. It was not a lavish dinner but more than satisfying.

Mr. COLLINS. The allowance for the Governor of the Panama Canal is only \$2,000 per annum.

Mr. STAFFORD. Conditions of living and the expense of living are entirely different at the Panama Canal from those at the Military Academy at West Point. Judging from my personal review of entertainment as stated in the newspapers, there are many more that the superintendent at West Point is called upon to entertain, and we should not adopt a cheeseparing policy to the extent of \$500 in the amount available for entertainment.

Mr. JAMES. Until last year the Naval Academy carried \$4,000 and the Military Academy \$3,000 with the result that General Smith had to take money out of his own pocket. Last year it was raised to \$4,000 to make it conform to the amount carried for the Naval Academy.

Mr. COLLINS. We raised it last year to make it conform to the Naval Academy.

Mr. OLIVER of Alabama. The committee handling naval appropriations felt, in view of savings in the price of food, that we could well afford to make this reduction, and, further, that in all likelihood under existing conditions there would be fewer visitors at these two academies next year. We can not make any distinction between the two schools in this regard. That is the attitude of the committee.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. FISH. Mr. Chairman, I rise in opposition to the amendment. I have just come into the Chamber and did not hear the argument in respect to the merits of this very important amendment suggested by the subcommittee in seeking to strike \$500 from the entertainment allowance at West Point. It seems to me to be a picayune proposition to offer such an amendment. The American people are proud of West Point; and even if the entertainment allowance were more, we could well afford it. West Point is not only the greatest military academy in the United States but it is the greatest military academy in the world. It is the backbone of our national defense, and certainly this is petty and false economy to attempt to strike \$500 off the entertainment fund. As the Representative from that district, I am glad to stand here and say that only a few days ago the new superintendent at West Point, Maj. Gen. William D. Connor, agreed to send the Cadet Corps to participate, at no expense to the Government, in the state-wide Bicentennial Celebration to be held on May 28 at Newburgh, N. Y., where Washington had his headquarters for over two years during the Revolutionary War. The military authorities at West Point are cooperating with the near-by communities and civilian authorities, and such a policy will make for better feeling all around. They have not always done it in the past, but under the present superintendent, General Connor, who has a distinguished war record, who went to West Point on the 1st of May, I am convinced that there will be a high degree of cooperation for the good of the service. I oppose this amendment because I think it is belittling and minimizing to the dignity of our great Military Academy at West Point. It is still the best academy in the world, and we are proud of it. We may not have the biggest Army in the world or the greatest amount of equipment, but we have the best military academy, and every other nation admits it. I object to the proposed \$500 cut because it is not necessary or asked for by anyone. Whether it carries or not is not of much importance, but it is a picayune proposition, and I hope it will be voted down.

Mr. OLIVER of Alabama. Mr. Chairman, I move to strike out the last two words.

What the gentleman from New York has said of West Point applies with equal force to Annapolis. I think Americans are proud of both academies, and I would not detract in the slightest from the high tribute which the gentleman pays to the personnel, officer and student, at West Point. The same is true of those at Annapolis.

The committee, in going over this item for the Naval Academy, felt it could very well afford at this time to make this reduction. It is not picayunish. It is in line with sound economies. It is in line with what business men are doing in reference to their own large activities. It is entirely in keeping with the high character of service that the gentleman from New York [Mr. FISH] has always rendered his district, to register a dignified protest against any reduction affecting Government expenditures in his district; but I wish to say to the Members of the House that we are and should handle these matters for the two institutions on exactly the same basis. We can not discriminate in favor of one as against the other.

I hope the committee will vote favorably on the amendment offered by the gentleman from Mississippi [Mr. COLLINS].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. COLLINS].

The question was taken; and on a division (demanded by Mr. OLIVER of Alabama) there were ayes 41 and noes 26.

So the amendment was agreed to.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

I invite the attention of the committee to the fact that the Budget estimate of \$1,275,000 has been cut by the committee a quarter of a million dollars or more.

I took occasion to read the hearings on this appropriation. I think it is owing to the committee, before we vote the appropriation recommended, that some explanation be made in justification of this inordinate cut. I know the



gentleman from Mississippi [Mr. COLLINS] has no desire to make any drastic cuts that will cripple the operations of the academy, and I assume there are good grounds for this cut of a quarter of a million, but I think the committee would like to have some explanation of the large cut.

Mr. COLLINS. There are various commodities purchased by the Military Academy; and the committee felt, in view of the fact that commodity prices are about 30 per cent, average, under what they were last year, that a 10 per cent reduction would not be out of proportion. That is largely the reason for the reduced amount.

Mr. STAFFORD. But the budgetary officer had already cut the appropriation last year to the extent of over \$100,000.

Mr. COLLINS. Not altogether on procurement items.

Mr. STAFFORD. The committee cut the appropriation as recommended by the budgetary officer about \$150,000. I was in error in my previous statement.

Mr. BARBOUR. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. BARBOUR. I understand there is a transfer of travel amounting to about \$41,000.

Mr. COLLINS. That is correct. The reduction represents approximately a 10 per cent cut in commodity items, plus the item transferred, as stated by the gentleman from California [Mr. BARBOUR].

Mr. STAFFORD. When the late superintendent of the academy was before the committee and he received the deserved compliment of the chairman and other members for his administration, no question was put to him as to whether the budgetary estimate could stand a further cut. Is it merely an arbitrary cut?

Mr. COLLINS. Oh, no. In hearings on all four bills the committee has gone very thoroughly into the question of reduced commodity costs; and our action results not alone from the hearings on this particular bill, but from the general knowledge we thus have gained. Actually, we have allowed a 20 per cent margin over prevailing prices.

Mr. STAFFORD. Now, I notice here an item of "pay for rationing cadets." The hearings show that the average ration is 60 cents a day, I think. The gentleman from California says it is 80 cents.

Mr. COLLINS. Eighty cents.

Mr. STAFFORD. Now, as a member of the Board of Visitors I had the privilege, on two occasions, of joining the cadets in their mess. I could not in any way state that the mess served was unduly extravagant. It was a sensible, wholesome mess. Is it the purpose now to cut that mess to 65 cents? It is true some of the edibles have gone down in price, but others have not.

Mr. COLLINS. I will say to the gentleman that the midshipmen's ration has been cut to 75 cents.

Mr. STAFFORD. But here it is being cut more than 75.

Mr. COLLINS. No; I would not admit that.

Mr. STAFFORD. Well, you are making a cut of how much?

Mr. COLLINS. It is an average proposition, I should say to the gentleman. Commodity prices, according to the Comptroller General and according to all sources of information, have been reduced in the last year more than 30 per cent.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STAFFORD. Here is an item, "postage, telephone, telegraph," and there is "maintenance of the organ," and all character of expenses, where expenses have not been reduced. The gentleman is just going ahead with an arbitrary cut?

Mr. COLLINS. No. We excluded such items.

Mr. STAFFORD. How much do the purchase items aggregate? Can the gentleman tell the committee?

Mr. COLLINS. About \$1,075,000.

Mr. STAFFORD. I think that this policy of making an arbitrary cut, without anything in the hearings on which to base it as far as testimony in respect to this item is concerned, is rather questionable.

I think we are going to restrict the cadets in their rations and other activities, and I know the gentleman does not intend that.

Mr. COLLINS. No. We have acted upon the very best advice we could get, I will say to the gentleman, and we have not heard a single protest on any of these reductions.

Mr. STAFFORD. During the hearings the gentleman did not ask the question of the superintendent, when he was before the committee, whether this item could stand the cut that is proposed.

Mr. COLLINS. I do not see why that would be necessary, in view of the fund of information available upon this subject.

Mr. LaGUARDIA. Did not the committee cut over 50 per cent a corresponding item in the Quartermaster's Department? I called attention to it. Last year you had for subsistence \$21,237,000. This year you only provide \$11,714,000.

Mr. COLLINS. On its face we did, but they had balances and expanded stores which very largely lessen the apparently wide difference.

Mr. LaGUARDIA. Does the reduction correspond to the one called attention to by the gentleman from Wisconsin?

Mr. COLLINS. We cut rather uniformly, I should say, as regards reduced commodity costs.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

For pay of National Guard (armory drills), \$11,584,868.

Mr. LaGUARDIA. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. LaGUARDIA: Page 50, line 18, strike out "\$11,584,868" and insert in lieu thereof "\$10,000,000."

Mr. LaGUARDIA. Mr. Chairman, I appeal to all my colleagues who are earnestly and seriously endeavoring to bring about economies that here we can save \$1,584,868 without in the slightest way impairing the efficiency of the National Guard.

The National Guard is typically an American institution. Only since the national defense act of 1920 has Congress appropriated for drill pay. Before that time the National Guard drilled every week and was not paid for it. I have here extracts from vouchers in the Comptroller General's office which show that when the men of the National Guard go out on parade on Memorial Day it is charged up as a drill; and it is proper, under the law, to do so. There is no question about that. The law permits a public parade to be charged up as a drill. Now, no one can tell me that the men of the National Guard would not parade on Memorial Day if they were not paid. I know that is not so. I know that the National Guard is patriotic, devoted, and loyal to their duties and to their country, and they would parade whether they were paid for it or not.

I submit, Mr. Chairman, in these days of stress when we are making economies in every possible place we can think of that here we can economize \$1,584,868. It would mean only a slight adjustment.

Mr. Chairman, five or six years ago I called the attention of the House to the fact that National Guard pay rolls were padded, that companies were shifted in order to bring up the strength of other companies to the requirements of the law. Some of the Members abused me for it, yet within three months thereafter several National Guard officers were indicted for doing that very thing. Of course the system was changed after that. When I made the charge I had the facts.

Surely in an appropriation of \$11,584,868, with about 190,000 men in the National Guard, it will be possible to adjust the drills in order to bring about these economies. Surely they would not object to this slight economy for one year's time.



Mr. Chairman, I offer the amendment for the careful consideration of the Committee on Appropriations. I hope they will give it their support for, if they do, I feel the amendment will be adopted.

Mr. BLANTON. Mr. Chairman, since April 6, 1932, my resolution to clean up the rottenness existing in the Veterans' Bureau, being House Joint Resolution 355, has been pending before the Committee on Military Affairs, which has been holding hearings on same for some time. Section 6 of my said resolution provides:

Sec. 6. That the Administrator of Veterans' Affairs be, and he is hereby, directed to discharge and dismiss forthwith the said William Wolff Smith from employment with the Veterans' Administration.

Gen. Frank T. Hines, Administrator of Veterans' Affairs, while testifying before said Committee on Military Affairs admitted that the charges embraced in the 35 pages of my resolution were all true and correct, and he assured the committee that if it requested him to do so he would promptly discharge William Wolff Smith from the service.

This same William Wolff Smith, while testifying before said committee, admitted that my charges against him were true, and you will remember that he collapsed on the witness stand and had to be sent to a hospital for 10 days. He admitted under oath that from May to October 29, 1918, he was a clerk employed in the War Department at \$125 per month, that he entered the military service on October 29, 1918, by obtaining a commission as an officer, just 13 days before the armistice, and that he held down a swivel-chair job in Washington from then until his discharge. He admitted that on January 17, 1923, he obtained a position in the Veterans' Bureau at a salary of \$4,000 under former Director Charles R. Forbes—whom we afterwards sent to the penitentiary—who on February 1, 1923, promoted Smith to be general counsel in charge on all legal matters, at a salary of \$7,500, notwithstanding the fact that Smith had never tried a case in a courthouse in his life, and that with the passage of the Welch Act his salary became \$9,000, which he has drawn ever since, and now draws.

This William Wolff Smith, general counsel, also admitted, and his assistant, Miss Annabel Hinderliter, likewise admitted, that on February 13, 1923, Miss Annabel Hinderliter was transferred from the Quartermaster Corps to the Veterans' Bureau as a clerk, at a salary of \$1,440 per annum, and was assigned to said Smith's office, and under Smith she has received the following rapid promotions: On May 1, 1924, her salary was raised to \$1,860; on July 1, 1924, her salary was raised to \$2,100; on October 12, 1925, her salary was raised to \$2,400; on October 31, 1925, her salary was raised to \$2,500; on February 12, 1926, her salary was raised to \$2,600; on June 29, 1926, her salary was raised to \$3,000; on September 7, 1927, her salary was raised to \$3,100; on December 27, 1927, her salary was raised to \$3,800; on June 30, 1928, her salary was raised to \$4,000; on July 12, 1928, her salary was raised to \$4,600; and on December 28, 1929, her salary was raised to \$4,800, she having secured a license to practice law, and that said Smith made several attempts to get her salary raised to \$6,000, while during this period from 1923 to date many deserving employees, with university degrees and with the highest efficiency ratings, were not only unable to get raises but were reduced below \$1,560 per annum; and they admitted that both said Smith and Miss Hinderliter swore to the facts embraced in said Smith's application for retired pay, to the effect that during the six months immediately preceding his entering the service he was engaged in the private practice of law and received \$600 per month, which was untrue, because he was then employed as a clerk in the War Department at only \$125 per month.

It was admitted by all of said witnesses that immediately following the passage of the disabled emergency officers' retirement act over the President's veto on May 24, 1928, said William Wolff Smith the next day filed his application for retirement pay, and that between that date and January 5, 1931, when he finally succeeded in putting it over, several boards passing upon his case refused to retire him, and

held that he was in no way disabled, but that all of his defects existed, as had been found by the Army, before he entered the service. But after appealing to this new board and to that, he finally had himself granted retired pay for presumptive disability on January 5, 1931, when he received a check for \$5,843.75 covering retired pay of \$187.50 per month from May 25, 1928, when he applied, to date, same being in addition to his \$9,000 salary, and he has drawn ever since his \$9,000 salary and his additional retired pay of \$187.50 per month, besides about \$1,000 per year additional traveling expenses, he having made two trips to Europe, junketing around.

But William Wolff Smith has now reached the end of his rope. The Committee on Military Affairs passed a resolution this morning by a unanimous vote, requesting Gen. Frank T. Hines to discharge Smith from the service, which, under his assurance to said committee, he must now do, such resolution being as follows:

*Resolved*, That it is the sense of the Committee on Military Affairs before which is pending H. J. Res. 355 and on which considerable hearings have been had that the Administrator of Veterans' Affairs should discharge from the service William Wolff Smith on the ground of incompetency and unfitness.

*Resolved further*, That a copy of this resolution be sent to the Administrator of Veterans' Affairs and that a copy be spread upon the minutes of this committee.

Unanimously adopted this the 17th day of May.

Mr. Chairman, I want to commend the personnel of the splendid Committee on Military Affairs for having the judgment, the backbone, and the courage to take action when it finds matters going on that ought to be corrected. Gen. Frank T. Hines is a man of his word, and when he assured the committee that he would fire Smith he meant it, and you will find that he will discharge Smith immediately. We will get rid of one of the biggest parasites in the Government service.

Mr. Chairman, I feel greatly encouraged. We are making great strides in eliminating waste, extravagance, and graft. I feel sure that this splendid Committee on Military Affairs will in a few days report a measure to Congress eliminating from the pay roll of the Government the 876 lawyers whose names and tremendous salaries I placed in the Record now employed by the Veterans' Bureau, many of whom are drawing additional retired pay for presumptive disabilities, and at the same time will cause to be removed the hundreds of doctors who are drawing salaries ranging from \$3,000 to \$8,000 and at the same time drawing additional retired pay for presumptive disabilities, such as "social inaptitude," and so forth, and who are also at the same time engaged in the private practice of medicine.

I want to use the remaining part of my time to correct some impressions which some newspapers have wrongly spread over the country about Congress.

Some newspapers have asserted that Congress refused to reduce the salaries of its own Members. That is not correct. In the economy bill which the House passed the House reduced the salaries of Members in the identical proportion that it reduced all other salaries of other employees of the Government.

I am one of those who insisted that the salaries of Members of Congress should be reduced to \$7,500 and that no salary of officials of this Government, except the President and Supreme Court judges, should hereafter exceed \$7,500, and that all salaries should thus be reduced 25 per cent, and such provisions are embraced in my resolution, House Joint Resolution 344, now pending before Congress.

In this same economy bill the House reduced the mileage of Members of Congress 25 per cent. I have been contending for years that mileage should be reduced to actual necessary expenses in going to and from Congress once each session. And I feel greatly encouraged that the House has seen fit to make a 25 per cent reduction.

In the economy bill the House reduced the stationery allowance of Members 25 per cent. Newspapers have not mentioned this. When I first came here years ago there was a practice of selling numerous items of merchandise in the stationery room having no connection whatever with the



necessities of our offices, and I made an uncompromising fight against it, and there was a law passed preventing anything except office supplies being sold in the stationery room, and for years the stationery room has kept for sale only legitimate office supplies.

My district is so large and so many demands are made upon me from various parts of the United States that I have always used more stationery than my allowance, and I have thus far this year used \$28.76 more than my allowance, which I have to pay out of my own pocket. But I heartily supported the bill to cut our allowance the 25 per cent, for we Members of Congress must make sacrifices along with all other citizens of the United States.

The country ought to know these facts. Every newspaper editor who is preaching to the contrary ought to tell the country that the Membership of Congress is willing to go along and make the sacrifices which every other American citizen must make in this terrible time of stress.

Mr. LINTHICUM. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LINTHICUM. I am very glad to hear the gentleman making these remarks.

Mr. BLANTON. I will say to my friend from Maryland that some newspapers are intimating we do not pay any income tax. We Members of Congress pay, and have always paid, the same income tax that every other citizen in the United States pays on similar incomes. The country ought to know that.

Mr. LINTHICUM. I want to say to the gentleman that I received a letter this morning in which the writer spoke of the fact that we are spending \$100,000 on our barber shops and that we are running our restaurants at a loss.

Mr. BLANTON. I am glad that my friend mentions that for it is not so and ought to be corrected. There was a time years ago when supplies were furnished and some expenses in the barber shops were paid by the Government. I made an uncompromising fight myself against it. The House of Representatives stopped all such abuses in our House barber shops. All of us pay now for service just what we have to pay our local barbers in our home cities.

There was a time, too, years ago, when our House restaurants were run at a loss of about \$35,000 to the Government. But that has been stopped. I made an uncompromising fight against it myself. You older colleagues will remember that the restaurants were taken under the supervision of our Accounts Committee, headed by our distinguished and highly respected colleague the gentleman from Massachusetts [Mr. UNDERHILL], and he overhauled the whole system, took the abuses out of it, placed the restaurants on a self-sustaining basis, and there have been no abuses since. Our good friend and able colleague the distinguished gentleman from North Carolina [Mr. WARREN] during this Congress has been the chairman of the Committee on Accounts, and he is carrying on the same splendid system free of all abuses inaugurated by his said distinguished predecessor [Mr. UNDERHILL]. So the country ought to know that the House of Representatives has eliminated for years the abuses mentioned by the gentleman from Maryland.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PARKS. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. PARKS. Does the gentleman know of any newspaper that has reduced its subscription rates or its advertising rates, or anything that brings money into a newspaper, while they are denouncing the gentleman and myself?

Mr. BLANTON. No; I do not; but I am always frank. I want to say that the newspapers have been reducing their own expenses. They have even reduced the salaries of some of the boys up in the press gallery until they can hardly pay their bills.

Mr. PARKS. They may have reduced salaries, but they have not reduced subscription rates or advertising rates.

Mr. BLANTON. They have taken off the assistants who help our boys in the press gallery. The newspapers have been making reductions like everybody else, and we must make substantial reductions.

In my resolution, House Joint Resolution 344, I propose to repeal the classification act. That must be done before this Congress adjourns. It must be repealed because there are a few high chiefs and assistant chiefs in charge of bureaus who are getting most of the money that was designed for the real working employees of the Government. We must repeal the Welch Act, which sought to correct that, yet it permitted the higher-ups to increase their salaries at the expense of the lower-paid employees of the Government.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LaGUARDIA. We have an opportunity here under my amendment to reduce this \$11,000,000 item by \$1,000,000.

Mr. BLANTON. I know, and that is going to be reduced when it gets to the other end of the Capitol. But our committee has worked out this plan. I hope my friend from New York will go along with our committee. There is no man who is more earnest in his efforts to balance the Budget than the chairman of our committee, Mr. BYRNS, of Tennessee.

He has almost injured his health in hard work. He has been working day and night in an effort to try to balance the Budget, so let us all back him up. If we will give him the proper backing and back up the distinguished gentleman from Mississippi [Mr. COLLINS] and his subcommittee, which has this bill in charge, and who have done splendid work, we will effect many substantial economies.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include some excerpts.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to revise and extend his remarks and to include therein certain excerpts. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, under my leave to extend, in order to get his views before the Congress, I incorporate the following evidence of Hon. R. C. Winters, given before the Committee on Military Affairs, to wit:

ABILENE, TEX., May 15, 1932.

HONORABLE CHAIRMAN AND MEMBERS  
HOUSE MILITARY AFFAIRS COMMITTEE,

Washington, D. C.

GENTLEMEN: I am advised by my personal friend and fellow townsman, the Hon. THOMAS L. BLANTON, that he has obtained permission to insert any statement that I desire to make on proposed legislation now pending before your committee.

I want to thank Mr. BLANTON for obtaining, and your committee for giving, me the right to voice my sentiments on pending legislation before your committee. Mr. BLANTON and I have been personal friends, as well as political friends, for many years. It has been my privilege to work for him on his campaigns for reelection to the House, and I have followed his record closely, and I consider him one of the most valuable Members of the lower House. He is certain to be returned as our Representative from the seventeenth Texas district as long as he desires to be so returned, and the people of his district have repeatedly evidenced this by their overwhelming vote whenever the occasion arose. I am grateful for the opportunity and privilege of paying him this tribute which he so justly deserves.

Before getting into the resolution now pending before your committee, House Joint Resolution 355, I feel it necessary to qualify myself and my opinions, as would any expert be required so to do in any case pending before a court before his testimony would be considered, and so I will attempt to do so. I enlisted as a buck private in the Regular Army of the United States February 6, 1916, at the time of the Mexican border trouble, feeling certain that war would be declared against Mexico. I was promoted to corporal, sergeant, and acting first sergeant, which rank I held at the outbreak of the World War. Selected noncommissioned officers were then sent to a training school to determine their fitness for commissioned rank, and out of hundreds attending only two passed the tests successfully, namely, the regimental quartermaster sergeant of our regiment and myself. I was commissioned temporary second lieutenant, advanced to temporary first lieutenant, and was recommended for a captaincy, but the Hon. Newton D. Baker's famous cablegram to General Pershing, shortly after the armistice, "Stop all promotions," prevented me from receiving that latter commission. I served most of my time with Company G, Twenty-eighth United States Infantry, First Division; have been struck by two machine-gun bullets, gassed, and am the holder of the Distinguished Service Cross, two other citations, and was not only in command of a company but also served as battalion scout officer, in command of the battalion scout platoon, and it was my job to make the night patrols, raiding parties, etc. I feel that I am



qualified to speak on anything pertaining to the Army, the disabled emergency officers, and matters of that kind within the limits of my ability.

I will endeavor to take up the paragraphs of House Joint Resolution 355 in the order in which they appear in the printed bill, introduced by my distinguished friend from my own district. I will first refer to paragraph 2, on page 1. I am going on the assumption that Mr. BLANTON's statements are true, as they usually are. Suppose it does cost the United States approximately \$13,000 to graduate a second lieutenant from West Point and an ensign from the Naval Academy. The Government desires and specifies that they must undergo certain training, prove their fitness, and satisfactorily pass their examinations before they graduate them, and any subsequent technical training is required at the special instance of the War Department in order to fit such man or men into the Army scheme of things, where the highest degree of technical training is demanded. What of it? Does not every single industrial concern, without counting the cost, do likewise? The Military and Naval Academies have a tradition almost as old as the Republic itself, and why after years and years of repeated success in its turning out of men who later proved to be the flower of the Army should any legislation be enacted to destroy the very purpose for which these academies were first founded?

One of the inducements held out to a prospective applicant to either of these great institutions is the retirement pay which they are assured of after years of honest and faithful service for their country. Why repudiate a contract between such officers and the Government when such contract has been in existence for many years and probably prior to the entrance of some of the members of this committee into the world? Why print the names of the retired officers from the Army or Navy and Marine Corps who are now drawing good salaries in addition to their retirement pay and set them out as an example of the evils of the retirement law, when they are few in number and only hold such jobs because of their proven ability and understanding of the respective business in which now engaged? There are only a few of them, comparatively speaking, as compared to the great number of retired officers who have sunk into, practically, oblivion.

The Regular Army, Navy, and Marine Corps must be kept up to the highest state of efficiency, to furnish the nucleus around which a great national army can be built. It must always be remembered that in the last Great War the Regular branches of the service formed such nucleus and were it not for them our National Army would have been helpless, and almost was, because of its size and the small number of Regular noncommissioned and commissioned officers to train them into the mysteries and the art of self-preservation which organized warfare always demands. I can not say too much for the Regular. I served under them, with them, and became one of them; and their tradition is one of the finest things that this country of ours possesses. You have retirement boards before which such officer must appear before he can be retired. He is thoroughly examined and is many times recommended for retirement from active service because of some disability, physically, which prevents him from keeping pace with the younger man. You would find such a man, in the "prime of life" (quoting from the Record and the resolution itself) who, nevertheless, can not be counted out in the scheme of things, and who refuses to be inactive, with mind clear and alert. It is these men that you see in executive positions in private business. They learned to command in the Army, and know how to handle men and solve problems. I say, by all means, do not cut down the size of your officer personnel in the Regular branches, and do not interfere with his right to retirement under his contract with the Government.

I now come to the third paragraph on page 3 of House Joint Resolution 355, relating to the disabled emergency officers' retirement act, and continues to page 32 down to the resolution on such page, and section 3, on page 33, repealing such act. I will confess that I have a vital interest in this portion of the bill, for I am one of these retired officers. However, in spite of my benefits under same, I am vitally interested in this bill being kept intact. It took almost 10 years to give proper recognition to this class of officer, even though all other branches, Navy and Marine Corps, had for some years prior to the passage of Public, No. 506, Seventieth Congress, granted retirement privileges to the emergency officers who served in these respective branches. Only the emergency, or "civilian," officer of the army was discriminated against, and it was a long, hard fight before Congress finally realized the injustice done to this class of officer and passed the above-mentioned bill over the President's veto. Now, forgetting personalities, let us calmly and with cool deliberation and judgment analyze Public, No. 506.

Mr. BLANTON makes a great deal of fuss about William Wolff Smith, general counsel of the Veterans' Administration, one of such retired officers. If his facts are right, and they always are, based on my experience with him, Smith's retirement under such act is a fraud perpetrated upon the people of this country, and he should be immediately reexamined by a disinterested board and such retirement pay cut off. If his general inefficiency is as stated, then he should either be removed from office by the President, who has the power to do so, impeached and kicked out, or be removed by his superior officer, General Hines, head of the Veterans' Administration. Not one of us on such retired list approves of such things; but why penalize all of us for the misdeeds of a few? There may be others on such list equally bad; well, they can be readily disposed of. General Hines has the authority, or he can be given the authority, to review these cases where it is apparent on their face that something is wrong. But

to penalize the rest of these officers is an injustice not in keeping with the promise of the War Department and Congress. Did not both say, "There is but one Army—that of the United States—and the same privileges (including retirement pay) will be accorded to all alike?"

If the records were consulted, it will be ascertained that from 60 to 75 per cent of the junior officers (second lieutenants, first lieutenants, and captains) who served in France and served in actual combat are these same emergency or "civilian" Army officers that, by this bill, you cut off altogether from enjoying the privileges accorded to all others, yet they bore the brunt of the fighting in the war. This does not apply, obviously, to the officers of higher rank, for they naturally were the trained personnel of the Regular Army and justly so, and we can thank our lucky stars that they were so trained, starting from their cadet days, followed by technical training throughout their Army careers, that they were capable, willing, and anxious to justify not only their country's faith in them but the money expended on them to make them so fit. But let's take the junior officer. He commanded the soldiers, either as company or platoon commander. The casualties among this class were heavy. They had the utmost responsibility during actual front-line warfare. If you can imagine the safety of from 30 to 250 men depending on your judgment, not one day but days and days, you can imagine the strain on such men. If you lost a man or men through a mistake in judgment, it was just the same as deliberately killing him or them, yet no punishment was meted out to you except that lashed at you day and night by a tortured conscience.

Have you ever had the experience of commanding a company and receiving orders to march them from point so and so on the map, starting at 10 p. m., to point so and so (all movements being made by map coordinates), such points being usually from one wooded place to another? Have you ever had to sit down and study your map, memorizing each crook and turn in the road (because you traveled at night and did not dare strike a match or show a light), then start off on such march and under strain all the time, and no relief until you reached your destination and contacted the unit on your flanks? Then, if not, you would not appreciate the work done by this class of officer; but if you have, you fully understand it. These officers were the same men who had to direct their troops, think for them, watch after them, get food for them whenever possible, secure billets for them, teach them their duties, help them understand their responsibilities when in the front line, save them from their own fatal mistakes, and it was these officers, more so than others, who fought, bled, and died for this country and many of whom are now maimed and crippled for life, both physically and mentally.

There is considerable agitation to limit this retirement pay to actual battle wounds and their effects or to actual direct traceable war service. This is an attempt to do away with the so-called "presumptive" disabilities. In this class (presumptive disability) are those men who endured the horrors of war, only to break down mentally at a much later date, when they had returned to civilian life. The strain, while submerged for a while, finally takes its toll. It also includes the men who were gassed, and who at a much later date than November 11, 1918, broke down in health and have been and are now suffering with tuberculosis. These are the two outstanding disabilities among the "presumptive" cases drawing retirement; there are others. Before abolishing this feature of the law consult a reputable specialist in mental diseases, and also a specialist on tuberculosis, and discuss this with them. They are sure to advise you that the "presumptive" cases were undoubtedly caused by war service.

Gentlemen of the committee, most of you have been blessed with the good fortune never to have to go to war; therefore you know nothing of the horrors of war. You never saw friends killed before your eyes; you never went out on a patrol or raiding party with your bombs and trench knife in hand, crawling along on your stomach, inching by degrees toward your objective, flat on the ground, your toes and elbows supplying the leverage, heart in your mouth, icy fear clutching your heart, yet will power winning over all and giving you the determination to go forward. You never had the pleasure of getting shot at and hit, seen men go down alongside of you, never to rise again; you never had to rally men and urge them forward, seeing them mowed down like wheat, wondering when your turn would come. Such being the case, give to these men on the emergency officers' retired list their just reward, for they have done all of these things and have earned it by their blood and mental strain and anguish.

Proceeding further, there is a great roar about the number of doctors drawing retirement pay. It must be realized that the doctor was well along in years, in most cases, when he went into the service. Some of them were practicing physicians for years before the war broke out. Yet they quit their practice, offered their service to the Government, usually accepting a first lieutenant's commission, and perhaps receiving a promotion to first lieutenant, captain, and in some cases major. Because of their advanced age, as compared with the average "civilian" officer, they felt the strain more, broke down quicker, mentally and physically, and could not stand up to the hard days and nights of front-line service. I have seen many of them in the field hospitals, regimental infirmaries, or right up in the line with the men, going through in a more horrible way the agony of warfare, for civilian practice had taught them to be sympathetic to their patients and a real desire to relieve them of suffering, and in many instances this could not be done in actual war service. They saw the most terrible side of the war—the maimed, the crippled, and the blind, the terrible agony of the men who were gassed—and



due to their age they cracked up quicker, or else endured a greater strain than the troops.

Certainly they were prone to break quicker because of their experiences and age. The same might apply to attorneys, who are always casting for a way out of a difficult situation. What could they do in war as a commander of troops? It is of common knowledge in the medical profession, particularly among neuropsychiatric specialists, that the well-trained, educated, and intelligent man will crack quicker and recover more slowly than the average individual, and the professional man in the late war undoubtedly proved to be no exception. I think any discrimination shown against any retired officer who was a professional man is inequitable and unjust. The disabled emergency officers of all classes, professional men or otherwise, resent the discrimination shown against them and are very apt to recall what Members of Congress said when sending them to France, "Good-by, fellows. We are sending you off, but we will take care of you when you come back." When I recall that statement I think of the reproachful words of Julius Caesar when dying, "Et tu Brute," and we disabled emergency officers can well say the same of Congress, and justly so.

I now come to two of the most vicious sections in said bill, and I will take them up in order. Section 2, page 33, provides that all retired pay be cut in half and further provides that no officer drawing retired pay shall receive such retired pay during any period of time that he receives \$2,500 or more from private employment. Is not the Government breaking its contract in the first instance? Does Congress intend to say, in the second instance, that because an officer is retired he must sit around and twiddle his thumbs thereafter and can not pursue gainful private employment? I do not think so, nor do I think that Congress will ever pass such a bill. Officers who have retired, are active mentally, intelligent and commanding men, having acquired these traits in service, and not the type of men who are content to sit around and loaf away the balance of their life. Their service has been too busy for that. Does Congress intend to put this restriction upon them as a reward for their honest and faithful service to their country? Again I say, I do not think so.

If you are trying to be honest in your conclusions and fair to all concerned, why not prohibit Members of both Houses from practicing law or medicine or engaging in their own controlled business during the intervals between sessions of Congress? There is as much sense to that, in fact, even more so, than the restriction imposed by this bill, for Members of both Houses have a fixed yearly salary of \$10,000, far above the retired officer's pay, plus what he can earn in private employment, in most instances. Are you not servants of the people and subject to their will? Are you any more privileged than these officers who have rendered honest and faithful service, most of whom have been engaged for this country in more than one war, and few, if any, who have not been engaged in one war, at least, in the service of their country.

My friend and fellow townsman, Hon. THOMAS L. BLANTON, practices law between sessions of Congress, as do many other Members of both Houses. I here ask the gentleman if he refuses to concede this same privilege to retired officers so that they may keep up their families to the standard of the gentleman's own—something required of them during active service and their God-given right as well as their constitutional right under our plan of Government?

The other section (sec. 8, p. 34) of the bill provides that hereafter no lawyer, doctor, or dentist employed by the thereafter enumerated branches or departments of the Government on an annual salary shall engage in private practice, but shall give his full time to the Government. Is this bill designed to prohibit private practice after a full day's work, after such professional men have performed every duty required of them by the department employing them, and performed it to the entire satisfaction of his chief? Surely not. Or, does it mean that the Government wants 24 hours daily of a man's time? I hope not. Certainly a professional man, after having performed his stipulated number of hours, his work being satisfactory and up to standard, should have the same right to have a private practice on his own time as any Member of Congress has to practice his profession between sessions.

At this very moment the Veterans' Administration is employing many part-time specialists for a few hours per day, paying them an annual salary. This same department of the Government is at this very moment considering putting its designated medical examiners, who are engaged in private practice and who receive a certain fee for each examination, etc., on an annual salary to cut down expenses. Would not the Director of Veterans' Administration be prohibited from making this deduction in operating expenses by this bill? I think this section vicious, unfair, unnecessary, and will not accomplish a single thing or save a dime; on the contrary, it will drive out of the various departments of the Government many professional men who would not submit tamely to such action, and also those who do remain will make dissatisfied employees, with their efficiency and morale greatly lowered.

My last comment is on section 5, page 34, where it attempts to put an officer and an enlisted man on the same status as to compensation for disabilities. To my humble mind this is the most ridiculous suggestion that has come to my attention for many years. Ask the men themselves. They realize the responsibility of the officer, and a good officer always got along with his men. They depended on him, followed him blindly just because he was leading them, and had the utmost faith and confidence in him. The principle of the thing is fine sounding—and vote getting—but its wrong. Any man who enlisted in the World War had an equal opportunity to reach the commissioned ranks. The opportunities

were there. What with psychological tests, efficiency charts, etc., any man with the ability and intelligence, plus proper behavior, could receive a commission. The men themselves would not assume the responsibility of the officer, knowing their limitations, and to place them all on an equal footing in comparison to service rendered is a joke.

The joke being that the men would not, if they could, change places with their officer. Just as you pay a skilled mechanic, a trained professional man, technician, etc., so must you pay an officer based on superior service rendered. You would not hire a carpenter to run an insurance company, a bricklayer to run a bank, nor a common laborer without proper education to run the Veterans' Administration; thus, contra, you could not make officers out of the privates and make them get the job done. This is not said disparagingly, but rather is stated as the truth. The same thing applies in all walks of life, all professions, all industries, and must, by the same law of averages, apply to officers and enlisted men.

In conclusion I wish to state that I have followed the legislation passed in the interests of veterans since my severance from the Army. I am familiar with it. I have devoted a large part of my private time for years, without any charge whatsoever, handling claims for veterans, helping them and attending to their wants, and listening to their troubles with the utmost sympathy and understanding. In 1926-27 I was department commander of the American Legion of the entire State of Texas, and I feel that my war experiences, my understanding of the veteran and his troubles, my experience in the American Legion, gives me a little authority to speak on measures affecting these same veterans.

I desire to thank my friend Mr. BLANTON for obtaining permission for me to express my views before your committee, and to the committee itself for their courtesy in allowing me so to do.

I again wish to thank Mr. BLANTON for his good work in the past, and I have always been in hearty accord with him on most questions, but I am hoping now and sincerely trusting that both his bills, H. J. Res. 344 and 355, will be defeated by a majority sufficient to show that the contract of the Government is not lightly thrown aside, that discrimination in government can not and should not exist, and that there is no privileged class, be it a Member of the House or Senate, who can hold unto himself special privileges which he refuses to concede to others.

Respectfully,

R. C. WINTERS,  
Past Department Commander  
American Legion of Texas.

Mr. COLLINS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York. There is no man in this House for whom I have a higher regard than I have for my good friend from New York. I do not believe there is an abler Congressman here than my friend from New York or that there has been a more able one in the past. Ordinarily the gentleman and I do not differ, but in this particular instance I fear he has not the full facts before him, otherwise he would not have offered the amendment. Here is the situation that confronted the Appropriations Committee on this item. The President, through the Budget, recommended to the Congress certain sums of money for the National Guard for weekly drills and for camp training. These sums were sufficient only to provide the National Guard with 42 drills a year instead of 48, which latter is the minimum number set out in the national defense act, and to provide camp training for 36,744 fewer National Guard men than went to camp last year and who are expected to go to camp this year. That was the picture.

The committee conferred with General Leach, the head of the Militia Bureau, about the matter, and let me say that I have not known since I have been on this committee a more able Chief of the Militia Bureau than General Leach. In addition to being a good soldier, he is a good business man. General Leach advised the committee that he believed if we would give the National Guard the same amount of money that the Budget recommended, which was about \$1,650,000 less than the amount appropriated last year and would make all amounts fully interchangeable, that he probably could manage to pay these National Guard men for 48 drills a year and for 15 days at camp without any reduction in numbers.

Mr. LaGUARDIA. Will the gentleman yield there?

Mr. COLLINS. Yes.

Mr. LaGUARDIA. It appears that all the committee has done here is to give them \$47,500 less than last year. The committee has not exceeded the Budget recommendations.

Mr. COLLINS. No; in a sense, we did not go over the Budget. The bill carries exactly the same amount the Budget recommended.



Mr. LA GUARDIA. Then it is only \$47,500 less than last year, and there is not another item in the bill that has such a small percentage of reductions. The committee cut the Regular Army 50 per cent on its food, for instance.

Mr. COLLINS. There are a number of items in the bill that have not been cut a penny. Ordnance, for instance, has not been cut. Chemical warfare has not been cut, and the Air Corps of the Army has not been cut. There are a number of activities that have not been reduced.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. The National Guard has agreed to exert every effort to live for the next year upon the money appropriated—

Mr. LA GUARDIA. If the gentleman pleases, what else could they do but live within the appropriations made by Congress?

Mr. COLLINS. In the past they have come to the Congress every year and asked for deficiency appropriations to pay for the drills and camp training.

Mr. FISH. Will the gentleman yield for a question?

Mr. COLLINS. And they have deficiency estimates now before the Appropriations Committee for drill and camp training. The committee feels it to be a much better arrangement to have an agreement with the National Guard that they will make every reasonable endeavor to make the appropriations proposed suffice rather than to give them an appropriation such as proposed by the Budget, so restricted that the organization would need to be disrupted or else three or four months later supplemented to avoid such a course.

Mr. LA GUARDIA. Will the gentleman take this stand if they do come in with a deficiency estimate?

Mr. COLLINS. If a deficiency should be presented, I shall make it my business to find out if every reasonable effort has been made to avoid it. I am confident, however, that we may rely upon General Leach to do everything in his power to make the appropriations we propose, and as proposed, meet all demands during the ensuing fiscal year. At this point, Mr. Chairman, I wish to include in the RECORD a copy of a letter I addressed to General Leach on January 27, 1932, and of his reply thereto, dated January 27, 1932.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON APPROPRIATIONS,  
Washington, D. C., January 27, 1932.

Major General GEORGE E. LEACH,  
Chief of the Militia Bureau, War Department,  
Washington, D. C.

MY DEAR GENERAL LEACH: Referring to our interview of to-day, I understand that if the committee recommends the appropriation of the total sum included in the 1933 Budget of \$31,263,565 for the National Guard will constitute as one fund all of the items contributing to such total sum and will eliminate the restrictive provisions included in the Budget on armory drills and field training; that, as Chief of the Militia Bureau, you will be thoroughly in accord with such action with the understanding that if you should be unable, by reason of a continuation of the present high rate of attendance at armory drills and field training, to find adequate funds through the proposed 100 per cent interchangeability arrangement and such economies as you may be able to effect fully to take care of drill attendance and camp training on the basis of the present approved or allotted strength of 14,330 officers and 175,858 enlisted men (total, 190,188), you may be permitted to present an estimate of appropriation for such additional sum as it may develop during the fiscal year 1933 will be required in addition to the present Budget estimate of \$31,263,565.

If my understanding of your position in the matter as above outlined is correct, I should appreciate a letter from you in confirmation thereof.

Very sincerely,  
ROSS A. COLLINS,  
Chairman War Department Subcommittee.

WAR DEPARTMENT,  
Washington, January 27, 1932.

Hon. ROSS A. COLLINS,  
Chairman War Department Subcommittee,  
The Capitol, Washington, D. C.

MY DEAR MR. COLLINS: Receipt of your letter of this date is acknowledged.

The proposal which you make with reference to the appropriation for the support of the National Guard for the fiscal year 1933 is hereby accepted.

Very sincerely yours,

GEORGE E. LEACH,  
Major General Chief of the Militia Bureau.

Mr. LA GUARDIA. Then I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read as follows:

ARMS, UNIFORMS, EQUIPMENT, ETC., FOR FIELD SERVICE, NATIONAL GUARD

To procure by purchase or manufacture and issue from time to time to the National Guard, upon requisition of the governors of the several States and Territories, or the commanding general, National Guard of the District of Columbia, such military equipment and stores of all kinds and reserve supply thereof, including horses conforming to the Regular Army standards for use of the Cavalry, Field Artillery, and mounted organizations of the National Guard, as are necessary to arm, uniform, and equip for field service the National Guard of the several States, Territories, and the District of Columbia, and to repair such of the aforementioned articles of equipment and military stores as are or may become damaged when, under regulations prescribed by the Secretary of War, such repair may be determined to be an economical measure and as necessary for their proper preservation and use, \$5,886,849, of which not to exceed \$908,745 shall be available for the production and purchase of new airplanes and their equipment, spare parts and accessories, and all of the sums herein appropriated on account of the National Guard shall be accounted for as one fund: *Provided*, That the Secretary of War is hereby directed to issue from surplus or reserve stores and material on hand and purchased for the United States Army such articles of clothing and equipment and Field Artillery, Engineer, and Signal material and ammunition as may be needed by the National Guard organized under the provisions of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916 (U. S. C., title 32, sec. 21), as amended. This issue shall be made without charge against militia appropriations except for actual expenses incident to such issue.

Mr. GOSS. Mr. Chairman, I make a point of order against the language on page 51, line 17, "That the Secretary of War is hereby directed." This is a mandatory provision, while the law as it now exists provides that the Secretary of War is authorized to issue from surplus or reserve stock. I also make a point of order on the word "stores." If the committee were willing to accept an amendment, I should not insist on the point of order.

Mr. COLLINS. I do not understand what the gentleman is objecting to unless he objects to the Congress directing the War Department to do something.

Mr. GOSS. The language is "That the Secretary of War is hereby directed to issue," and so forth. We are directing the Secretary of War—

Mr. COLLINS. Congress can do that occasionally.

Mr. GOSS. Right; but the present law, which is the national defense act, with respect to uniforms for the National Guard states that the Secretary of War is authorized. Now, there might not be sufficient clothing or sufficient yardage.

Mr. COLLINS. I would like to ask the gentleman from Connecticut where he got the suggestion to object to this.

Mr. GOSS. I did it myself.

Mr. BLANTON. Will the Chair hear me a moment on the point of order?

The CHAIRMAN (Mr. LANHAM). The Chair will hear the gentleman from Texas.

Mr. BLANTON. It has always been held in order on an appropriation bill for the Congress to direct any official with respect to the conduct of business where it comes within the Holman rule and effects a saving and reduces public expenditures.

The CHAIRMAN. Wherein is this covered by the Holman rule?

Mr. BLANTON. The whole purpose of the paragraph is to effect a saving and reduces public expenditures.

The CHAIRMAN. But it does not show on its face that there is any saving.

Mr. BLANTON. Let me read the provision:

*Provided*, That the Secretary of War is hereby directed to issue from surplus or reserve stores and matériel on hand and pur-



chased for the United States Army such articles of clothing and equipment and Field Artillery, Engineer, and Signal matériel and ammunition as may be needed by the National Guard organized under the provisions of the act—

And so forth.

I can show the Chair where it effects a saving. The Chair takes judicial knowledge of the fact that the Congress of the United States is paying all of these expenses of the National Guard. That is something that comes out of the Public Treasury. Their equipment and supplies have all to be paid for with the money of the Government. When we issue this out of the surplus stores, being property that otherwise would be wasted, and the Chair can take judicial cognizance of the fact that most of it would be wasted, that we will thus use stuff that would otherwise be wasted; that is a saving.

The CHAIRMAN. The Chair can not take judicial notice of the fact that it is going to be wasted. The point of order made by the gentleman from Connecticut is that here the Secretary of War is directed when in the permanent law the authority is permissive.

Mr. COLLINS. Mr. Chairman, I have here the language of the statute. It is title 32, section 44. The language is this:

The Secretary of War is hereby directed to issue from surplus or reserve stores and matériel on hand and purchased for the United States Army such articles of clothing and equipment and Field Artillery, Engineer, and Signal matériel and ammunition as may be needed by the National Guard, organized under the provisions of this title.

The CHAIRMAN. The Chair would like to inquire of the gentleman, if that is the permanent law, why is it necessary to put this language in the bill?

Mr. BYRNS. Mr. Chairman, while the gentleman from Mississippi is looking the matter up, may I make a suggestion? I have not had an opportunity to see the statute and do not know what the language is; but taking the statement of the gentleman from Connecticut to the effect that the Secretary of War is authorized to do this, there is authority directing him to do a particular thing. Why would not Congress have the right to direct the Secretary of War in the exercise of that authority if it exists.

The CHAIRMAN. Upon reference to the law, it seems that the permanent law is, as a matter of fact, in the language stated in the bill.

Mr. BYRNS. I take it that it would not be subject to a point of order.

The CHAIRMAN. The Chair would inquire the necessity of carrying this language in the bill in view of the fact that it is permanent law.

Mr. BYRNS. I understand, but I do not think that would be subject to a point of order. If Congress wants to reenact the language that is authorized by law, it would not be subject to a point of order on that ground. It is a question that appeals to the House as to whether it wants to do it.

The CHAIRMAN. The Chair was just stating that on reference to the statute it has been found that the language in the bill is the identical language of the permanent law. As the Chair understood it, the point of order of the gentleman from Connecticut [Mr. Goss] was that in the permanent law, evidently due to a misconception, the authority was permissive and not mandatory. This makes it mandatory. The Chair finds on reference to the act that the provision in the permanent law is mandatory. The Chair will read the provision from title 32, section 44, United States Code:

The Secretary of War is hereby directed to issue from surplus or reserved stores and matériel on hand and purchased for the United States Army such articles of clothing and equipment, and field artillery, engineer, and signal matériel, and ammunition as may be needed by the National Guard organized under the provisions of this title. This issue shall be made without charge against the militia appropriations except for actual expenses incident to such issue.

That is the permanent law of February 12, 1925, Forty-third Statutes, 921.

Mr. GOSS. The bill refers to United States Code 32, section 31, as amended.

The CHAIRMAN. That evidently is an erroneous citation. The Chair overrules the point of order. The Chair suggests that the correct reference to the title be included by way of amendment.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the Clerk be given authority to correct that citation.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GOSS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 51, line 17, after the word "is," strike out the words "hereby directed" and insert in lieu thereof the word "authorized" and strike out the word "stores" and insert in lieu thereof the word "stocks."

Mr. COLLINS. Mr. Chairman, I make the point of order against the amendment that it is a change of existing law.

The CHAIRMAN. Unless the gentleman from Connecticut wants to be heard on that, the Chair sustains the point of order.

Mr. VINSON of Kentucky. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to extend my remarks by inserting a short statement of my colleague, Mr. CHAPMAN, before the Committee on Appropriations having this bill in charge.

The CHAIRMAN. The Chair is of opinion that that request should be made in the House, instead of the committee.

Mr. VINSON of Kentucky. Then in my time I shall read it.

The CHAIRMAN. The gentleman from Kentucky is recognized for five minutes.

Mr. VINSON of Kentucky. The statement was made on Friday, January 22, 1932, on the subject of the breeding of horses at Army remount stations. It is a statement of Hon. VIRGIL CHAPMAN, a Member of Congress from the State of Kentucky, and it was made before the subcommittee of the Committee on Appropriations having the War Department bill under consideration:

BREEDING OF HORSES AT ARMY REMOUNT STATION—STATEMENT OF HON. VIRGIL CHAPMAN, A MEMBER OF CONGRESS FROM THE STATE OF KENTUCKY, BEFORE HOUSE APPROPRIATIONS COMMITTEE

Mr. COLLINS. Mr. CHAPMAN, do you wish to make a statement to this committee?

Mr. CHAPMAN. Yes, sir. Mr. Chairman and gentlemen of the committee, I appear in favor of the continuance of the remount service and in opposition to any curtailment of its activities. In the 11 years of its existence it has performed a great service in building up the light-horse industry throughout America, not only producing thousands of suitable animals for our national defense in case of war but also proving a boon to thousands of farmers and stock raisers during a period of terrible depression in the agricultural and livestock industry.

There was a time when every farmer was a horse breeder and a horseman, but with the increase of motor transportation the production of good riding horses rapidly decreased. Before the World War a few farsighted men recognized the seriousness of the situation and a comparatively small fund was provided with which the Bureau of Animal Industry purchased a few blooded stallions which were placed in competent hands in a small section of the country. The Quartermaster General procured a number of horses thus produced that were found suitable for Army purposes, but when the war came it was quickly realized that the result of this small beginning was grossly inadequate to the need of our armed forces. The allied countries purchased in this country from 1914 to 1918, approximately 1,300,000 horses and mules. Most of those bought were far from suitable for the rigors of war. After we entered the conflict the Government purchased 320,000 horses and 160,000 mules. Most of them did not have the requisite blood and had not been conditioned and trained.

In the light of that experience the breeding plan under the American Remount Association was inaugurated in the fiscal year 1921 and has since been operating through funds appropriated by Congress. The original appropriation was \$250,000 for the purchase of stallions and other necessary expenditures. This sum was subsequently materially reduced. During the first breeding season there were 159 stallions in service. Since that time the number of stallions, with a comparatively small appropriation ranging from \$150,000 to \$132,500 (the latter amount having been provided for 1931), has increased until there are now 693 of these blooded stallions provided for the use of breeders and farmers.

This is not a question of local interest in any one section of the country. These stallions are distributed in 40 of the 48 States and the farmers derive the greatest benefit from this service through their opportunity to cross "cold-blooded" mares with horses carrying thoroughbred and pure-blood strains. Such a cross produces a high-type individual horse. The city dwellers and



sportsmen who wish to own high-grade hunters or horses suited to the bridle paths have the opportunity of purchasing the produce of these horses from the farmers who raise them and the farmers receive a much-needed increase of income from sales to such purchasers. The Army also purchases these horses from the farmers who raise them to be used for remounts for officers and for other military purposes.

The total number of mares bred to horses in the remount service since 1921 is 126,900 and the number of colts produced is 85,130. That is an average of 7,739 colts per annum. The highest military authorities have estimated that in the unhappy event of another great war we would need 350,000 horses and 300,000 mules at the beginning. The lowest reasonable estimate of necessary replacements in such event would be 3 per cent, or 19,500 head, per month, or nearly a quarter of a million a year. To impair this important branch of our national defense at this time would endanger the very life of the remount service that has grown so rapidly during the 11 years of its existence. Its curtailment would be not only a disservice to thousands of farmers and stock raisers in 40 States of the Union but would render our military forces much less effective in case of a great emergency.

The aggregate expenditure of funds for the maintenance and operation of these stallions during the 11 years that the breeding plan has been in existence is \$1,576,997. Stud fees turned into the United States Treasury from the operation of this plan have amounted to \$227,710, leaving a net cost to the Government over a period of 11 years in the sum of \$1,349,287. The average annual expenditure has amounted to \$122,662 and the average cost of maintaining one stallion per year, including the original purchase price, cost of transportation and maintenance, amounts to \$272.25. The cost of this service has been largely reduced as the result of gifts by farsighted, public-spirited, patriotic horsemen, of stallions of great value, reaching a total of \$350,000 to \$400,000. A number of horse breeders in the district which I represent, and in which are located a large majority of the most important and valuable thoroughbred nurseries in America, have donated stallions of real value. Only a few months ago that prince of sportsmen and great philanthropist, Col. E. R. Bradley, master of Idle Hour Farm, Lexington, Ky., donated to the remount service the valuable horse, Behave Yourself, winner of the Kentucky Derby, America's greatest turf classic, in 1921. In view of the interest that has been aroused among horsemen, whose cooperation and aid to the Government in this work have been so highly beneficial, and also the interest of farmers and breeders throughout the country in availing themselves of the advantages of this service, I am convinced that it would be a calamity for this Congress to reduce the appropriation for this purpose below the minimum required, with the exercise of strict economy, to maintain at least 700 stallions under the breeding plan.

Another objection to the impairment of this service is the fact that was well stated by Maj. Gen. B. F. Cheatham, then Quartermaster General, in an address at Nashville, Tenn., September 7, 1926, when he said: "Nature demands at least six years to produce a horse suitable for a cavalryman to ride."

In view of statements that are frequently made to the effect that horses are no longer necessary in war and the occasional prediction that motorized units will soon entirely supplant horses and mules as a factor in national defense, I ask leave to present as witnesses such renowned military authorities as Gen. John J. Pershing, Maj. Gen. Hunter Liggett, Maj. Gen. James G. Harbord, Marshal Haig, Field Marshal Allenby, Field Marshal French, Marshal Foch, Marshal Petain, General Weygand, General Mordacq, Marshal Hindenburg, General Ludendorff, General von Kluck, Lieutenant General von Kaiser, Colonel General von Seeckt, and Gen. Charles P. Summerall. These eminent and unquestioned authorities on the science of war and the adequate provision for national defense have with one accord not only recorded that the cavalry was of the greatest importance and service in the World War but also that, in the words of General Summerall, "It is a fact that cavalry is of far more importance than it ever has been," and in the language of Field Marshal Allenby, "I know for certain that no decisive victory has ever been won in the past without the help of cavalry and I am quite sure no decisive victory will ever be reached in the future without the help of the cavalry."

I sincerely trust that your committee will provide in this appropriation bill for the continued maintenance of at least 700 stallions in the remount service.

The Clerk read as follows:

The mounted, motorized, air, medical, and tank units and motor transport, military police, wagon and service companies of the National Guard shall be so reduced that the appropriations made in this act shall cover the entire cost of maintenance of such units for the National Guard during the fiscal year 1933.

Mr. COLLINS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Committee amendment offered by Mr. COLLINS: Page 52, strike out the entire paragraph commencing in line 3 and insert in lieu thereof the following:

"No appropriation contained in this act shall be available for any expense for or on account of a larger number of mounted units and motor transport, military police, wagon and service companies of the National Guard than may be in existence on June 30, 1932."

Mr. GOSS. Mr. Chairman, I make the point of order that that is legislation on an appropriation bill.

The CHAIRMAN. In the opinion of the Chair, the provision offered by way of amendment by the gentleman from Mississippi is in the nature of a limitation rather than legislation.

Mr. GOSS. Might it not be a purported limitation?

The CHAIRMAN. It is a negative restriction upon the use of an appropriation, and in that respect and for that reason is a limitation. The Chair overrules the point of order. The gentleman from Mississippi is recognized for five minutes.

Mr. COLLINS. The purpose of this amendment is to avoid requiring the National Guard to reduce existing units in order to live within the appropriation that is recommended by the committee. Without this amendment certain reductions might become necessary. I understand this amendment meets with the approval of the gentleman from California, Mr. BARBOUR.

Mr. BEEDY. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. BEEDY. I have simply taken the gentleman's word for it, but for the purpose of the record, this amendment carries out an agreement which the gentleman had with Brigadier General Travis in correspondence, and with General Leach.

Mr. COLLINS. That is correct; to avoid putting the committee in the position of advocating anything contrary to that agreement.

Mr. PARKS. Will the gentleman yield for a question?

Mr. COLLINS. I yield.

Mr. PARKS. I understood the agreement with General Leach was not with reference to any deficiency whatever, but was with reference to the disposition of these funds, that they might have 100 per cent reallocation.

Mr. COLLINS. Partly, I will say to my colleague, General Leach has agreed to exert every effort to avoid a deficiency under the bill as written.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

The Clerk read as follows:

#### ORGANIZED RESERVES

For pay and allowances of members of the Officers' Reserve Corps on active duty in accordance with law, except as hereinafter provided; mileage, reimbursement of actual traveling expenses, or per diem allowances in lieu thereof, as authorized by law: *Provided*, That the mileage allowance to members of the Officers' Reserve Corps when called into active service for training for 15 days or less shall not exceed 4 cents per mile; pay, transportation, subsistence, clothing, and medical and hospital treatment of members of the Enlisted Reserve Corps; conducting correspondence or extension courses for instruction of members of the Reserve Corps, including necessary supplies, procurement of maps and textbooks, and transportation and traveling expenses of employees; purchase of training manuals, including Government publications and blank forms, subscriptions to magazines and periodicals of a professional or technical nature; establishment, maintenance, and operation of divisional and regimental headquarters and of camps for training of the Organized Reserves; for miscellaneous expenses incident to the administration of the Organized Reserves, including the maintenance and operation of motor-propelled passenger-carrying vehicles and purchase of 30 such vehicles (at a cost not exceeding \$625 each including the value of a vehicle exchanged); for the actual and necessary expenses, or per diem in lieu thereof, at rates authorized by law, incurred by officers and enlisted men of the Regular Army traveling on duty in connection with the Organized Reserves; for expenses incident to the use, including upkeep and depreciation costs of supplies, equipment, and material furnished in accordance with law from stocks under the control of the War Department, except that not to exceed \$384,210 of this appropriation shall be available for expenditure by the Chief of the Air Corps for the production and purchase of new airplanes and their equipment, spare parts, and accessories; for transportation of baggage, including packing and crating, of reserve officers ordered to active duty for not less than six months; for the medical and hospital treatment of members of the Officers' Reserve Corps and of the Enlisted Reserve Corps, who suffer personal injury or contract disease in line of duty, as provided by the act of April 26, 1928 (U. S. C., Supp. V, title 10, secs. 451, 455), and for such other purposes in connection therewith as are authorized by the said act, including pay and allowances, subsistence, transportation, and burial expenses, in all, \$4,244,580, and no part of such total sum shall be available



for any expense incident to giving flight training to any officer of the Officers' Reserve Corps unless he shall be found physically and professionally qualified to perform aviation service as an aviation pilot, by such agency as the Secretary of War may designate: *Provided*, That not to exceed \$100,000 of this appropriation may be used for establishment and maintenance of divisional and regimental headquarters.

Mr. GOSS. Mr. Chairman, I reserve a point of order on the paragraph.

Mr. BARBOUR. Mr. Chairman, I am sending to the Clerk's desk an amendment to this paragraph and also an amendment to the second succeeding paragraph, which I would ask to have pending, because it will depend on the outcome of the amendment to the paragraph that has just been read.

The CHAIRMAN. As a matter of fact, it seems to the Chair the better practice would be to dispose of the point of order first. It may be that the amendment might be read for information, but in the opinion of the Chair the better procedure would be to dispose of the point of order.

Mr. BARBOUR. I understood the gentleman from Connecticut to reserve his point of order.

The CHAIRMAN. The point of order has been reserved, but the Chair thinks the better procedure would be to dispose of the point of order first.

Mr. GOSS. Mr. Chairman, I make the point of order that the words "except as hereinafter provided," on page 52, line 12, is attempted legislation in an appropriation bill. The bill provides "for pay and allowances of members of the Officers' Reserve Corps on active duty in accordance with law," and then it reads further, "except as hereinafter provided," which apparently is not in accordance with law. I make the point of order.

The CHAIRMAN (Mr. LANHAM). Of course, from the standpoint of passing upon those particular words "except as hereinafter provided," they may become a matter of limitation, but the words themselves, as such, do not seem to the Chair to be objectionable from a parliamentary standpoint.

Mr. GOSS. But, on the other hand, there are several paragraphs in connection with this section.

The CHAIRMAN. But if the point of order were directed to some of those paragraphs and if those paragraphs were found to be objectionable from a parliamentary standpoint, then the Chair could properly dispose of them.

Mr. GOSS. I was intending to make the point of order, if this point were sustained, on line 23, page 54.

The CHAIRMAN. The Chair will overrule the point of order, because the Chair does not think the words "except as hereinafter provided" in this paragraph constitute legislation on an appropriation bill.

Mr. GOSS. But my position is that we have not yet come to the paragraph where I can make the point of order, and yet it refers back to the language "hereinafter provided."

The CHAIRMAN. The Chair will be glad to consider that in connection with the point of order which the gentleman will make upon the subsequent paragraph to which he refers.

The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BARBOUR: On page 54, in line 5, strike out "\$4,244,580" and insert in lieu thereof "\$6,354,348"; and on page 52, line 11, strike out the comma at the end of the line; and in line 12 strike out the words "except as hereinafter provided"; and on page 54 strike out the paragraph commencing in line 23 and ending in line 11 on page 55.

The CHAIRMAN. The Chair will state that the language to which the latter portion of the amendment, to strike out the paragraph refers, has not yet been read.

Mr. BARBOUR. I ask that that be pending, to be passed upon if the other amendment to this paragraph is sustained.

The CHAIRMAN. That portion of the amendment is read for the information of the committee; and that will be offered by the gentleman from California later.

Mr. BARBOUR. Yes; because the two are directly connected.

The CHAIRMAN. In the opinion of the Chair, in so far as that amendment is now concerned, it can be considered with reference to the subsequent paragraph only by unanimous consent.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. CHINDBLOM. Let the amendment preceding the last amendment be offered with notice that if the other amendments are adopted, then the last amendment will be offered.

The CHAIRMAN. In the opinion of the Chair, that is the proper procedure.

Mr. BARBOUR. I offered it for that purpose, and asked to have it pending when the other section was reached.

The CHAIRMAN. The Clerk will report the amendment with the notice suggested.

The Clerk read as follows:

Page 54, commencing in line 23 and ending on page 55, line 11, strike out the paragraph.

Mr. BARBOUR. Mr. Chairman, the amendment that is offered to this section will restore the appropriation for the Organized Reserves. The bill now pending is \$2,293,205 less than the appropriation for the present fiscal year and is \$2,109,769 below the Budget estimate. This amendment will restore the \$2,109,769 and bring the figure in the bill back to that in the Budget.

The purpose of the amendment is this: The reduction below the Budget estimate contained in the bill will not permit the officers of the Organized Reserves to attend the 14-day training camps and draw the pay which is provided in the national defense act.

When the reserve officers go to the training camps they draw for the period of the camp the pay and allowances of officers of the same rank and grade in the Regular Army. For instance, a first lieutenant would draw the pay and allowances of a first lieutenant in the Regular Army; a major would draw the pay and allowances of a major in the Regular Army; and so would a colonel and other officers.

The bill proposes that the officers of the Organized Reserves who shall attend camp shall be allowed 4 cents per mile mileage in going to and from their homes, which is the rate that has always been paid to them. Instead of the pay provided in the national defense act, the bill proposes they shall receive but \$1 per day, which shall be in lieu of subsistence. In other words, they will be subsisted while at camp, but they will receive no pay.

As was pointed out the other day, many of the reserve officers are young business and professional men, farmers, and workingmen. Most of them are not men of means. They are men of limited means and limited incomes. They spend many hours during the winter and the preceding year preparing themselves for the training camps. They purchase their own uniforms; they furnish their own equipment; they are put to considerable expense anyway, even when they receive pay for attending camp.

It has been suggested these officers are patriotic and will attend camp, even though they do not receive pay. To me it seems unfair to ask the reserve officers to attend camp without pay, because of the time they have already generously given to the Government in studying and preparing themselves for camp; and, as I said a moment ago, many of them are men of limited means and incomes and can not afford to attend without pay.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. In just a minute. It is not fair, in my estimation, to state that they should attend the camps as a matter of patriotism, because it seems to me when we do that we are placing the patriotism of the Organized Reserve officers on a basis of dollars and cents, and it is not fair to do so.

Now, I yield to the gentleman from Wisconsin.

Mr. STAFFORD. Eight years ago the maximum pay of reserve officers was that of the grade of captain. While I was out of Congress a law was passed that permitted them



to receive the pay of the grade they held where it was above that of captain. Can the gentleman inform the House why they struck out that reasonable provision which only allowed them the pay of captain instead of allowing them during the training period of 15 days pay according to the grade they held?

Mr. BARBOUR. I may state to the gentleman from Wisconsin that if a major general goes to camp he draws the pay and allowance of a major general.

Mr. STAFFORD. Ten years ago, as I recall the national defense act, the maximum pay was that of a captain of the Regular Army.

Mr. BARBOUR. It is not so now.

Mr. STAFFORD. What is the reason they discontinued the very commendable policy of limiting the pay to the grade of captain rather than paying according to the rank they held?

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARBOUR. The purpose was to pay the reserve officers when they are on active-duty training on the same basis as an officer in the Regular Army of the same rank and grade.

Mr. BYRNS. Mr. Chairman, I think this is the least deserving of all the amendments which I understand are proposed to be offered to this bill.

Let us see just what this amendment means. The bill provides the same training for the reserve officers during the next year that they have had this year. They are given a dollar a day for subsistence, whereas the bill provides only 36 cents for rations for enlisted men. They are provided with all the correspondence training. Their expenses are paid from beginning to end. The only thing this bill does is to provide that for the 15 days they are in camp they shall not receive any pay.

By this amendment it is proposed to give them pay for the 15 days and tax the people of this country over \$2,000,000 in this time of stress. Where will we land if we keep this up? How is national defense involved? All these officers are patriotic citizens. They would not be reserve officers if they were not. Practically all of them are men of affairs to a greater or less extent. They are giving their services as reserve officers to their country, and for my part I do not think there is a single one of them who would object to going to the training camps for 15 days, where all their expenses are paid, including subsistence and everything, and for the period of one year eliminating the question of whether or not they receive pay.

Gentlemen, I appeal to you. Much has been said about economy; much has been said about the extravagance of Congress, but I do not know of any amendment that has been offered at this particular time when you are cutting salaries, when you are denying appropriations for those things which heretofore have been deemed essential—I say I do not know of any amendment that has ever been offered involving, as it does, over \$2,000,000, which is less defensible than this particular amendment, and I appeal to you not to vote for it. For goodness sake, let us save some money to the people before we adjourn; let us do something for the taxpayers back home. You know how they are suffering. You know the burden they are carrying. The President of the United States is sending message after message to the Congress telling it to economize, yet it is proposed here to add \$2,000,000 and over to this bill, and for what purpose? Simply to provide pay to the reserve officers, patriotic men, all of them. They are in camp 15 days, and you know and I know, while it is an important encampment, it is not altogether a matter of work; every one of them enjoys it and every one of them would enjoy attending the encampment when his expenses are provided. My confidence in their patriotism is such I do not believe one of them would say at this time, when you are cutting the salaries of Fed-

eral employees and proposing to eliminate every possible expenditure, that he wants to receive pay for the 15 days.

They are all in business. They have their business at home and their professions out of which they make their living. They do not look upon this as a method of increasing their annual income during the 15 days they are in summer camps. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments to this provision close in 10 minutes.

The CHAIRMAN. Is there objection?

Mr. GOSS. Mr. Chairman, I object.

Mr. COLLINS. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. BEEDY. Mr. Chairman, I wish I had the power in five minutes to make every man and woman in this Chamber see the problem presented in this amendment as I see it, and then I should be glad to abide by the result of the vote upon it.

I call your attention again to the definition of the word "economy." I call your attention again to the fact that it is a relative term. What may be economy under one set of facts may not be under another. Under some circumstances it may be economy not to spend money and under other circumstances it may be economy to spend money.

There is no question as to what the effect of this curtailment is upon the Organized Reserves. The chairman of the subcommittee knows it full well. When he was questioning General MacArthur and General MacArthur was explaining the necessity of giving these men a chance to go to camp, after having worked in their armories during the year, the gentleman from Mississippi [Mr. COLLINS], admitting all of the good features of the service, said, and I quote from page 8 of the hearings:

That is all very true, General, but if we eliminate the pay perhaps we would have a fewer number of them.

That is exactly the point. If you eliminate the pay fewer men will go to camp. Many of them will not have money of their own to meet the expense of attending camp this year.

I think every man in this House ought to have the information which I am about to present. I will skim over it and ask to extend my remarks by inserting all of it later. What is the pay of a second lieutenant if he goes to camp? He gets the base pay of \$58.33, a subsistence allowance of \$8.40, a rental allowance of \$18.67, or a total of \$85.40.

Those three items for a first lieutenant amount to \$104.85; for a captain, \$129.73; for a captain with dependents, \$147.46; and for majors with dependents, \$188.54.

*Pay and allowances received by reserve officers for 14 days' active-duty service*

<b>Second lieutenant:</b>	
Base pay	\$58.33
Subsistence allowance	8.40
Rental allowance	18.67
	<hr/> 85.40
<b>First lieutenant:</b>	
Base pay	77.78
Subsistence allowance	8.40
Rental allowance	18.67
	<hr/> 104.85
<b>Captain:</b>	
Base pay	93.33
Subsistence allowance	8.40
Rental allowance	28.00
	<hr/> 129.73
<b>Captain (with dependents):</b>	
Base pay	93.33
Subsistence allowance	16.80
Rental allowance	37.33
	<hr/> 147.46



Major (with dependents):	
Base pay	\$116.67
Subsistence allowance	25.20
Rental allowance	46.67
	188.54

Out of the above every reserve officer must supply his own uniforms and complete equipment, the average cost of which is in excess of \$160. In addition, while on active-duty service he must subsist himself and his family at home, pay his laundry, his bedding, room service, and other incidental expenses. The average cost of attending camp follows:

Subsistence	\$26.00
Laundry and linen	10.00
Room service	5.00
Incidental expenses	20.00
	61.00
Actual expenses at camp	53.34
Amortized cost of uniform 33 1/3 per cent	
Total	114.34

It will be seen from the above that second lieutenants and first lieutenants can not actually afford to take active-duty service for a 2-week training period without incurring a financial loss. It must be remembered that 90 per cent of the reserve officers ordered to active duty are lieutenants and captains, and 10 per cent majors or of higher grade.

What are the actual expenses of the men who go to these camps? Subsistence, \$26; laundry and linen, \$10; room service, \$5; and incidental expenses, \$20. Their uniforms last about three years and the amortization cost of a uniform is \$53.34, making a total encampment expense of \$114.34. So even with this pay allowance a first and a second lieutenant go to camp for 15 days at an actual loss in dollars and cents, and if they do not get this allowance many of them can not go. The effect of this cut would be to keep them at home.

Now, what will be the effect of it? It endangers the successful operation of our whole plan of properly training our reserve officers. I chanced upon a speech of ex-Secretary of War Newton D. Baker, made in Columbus, Ohio, in 1924. At the outset of his speech he said that attempts had been made to stop the outbreak of the great World War, but that the participating nations, through their war departments, wired back that they could not hold off the declaration of war even a day because, as they said, "the man who loses even an hour loses a battle." Newton D. Baker said that peace is a beautiful dream. It is a dream that every impulse we have drives us to, that peace can be made and kept in this world. However, he said that experience teaches us it can not; history teaches us it can not; philosophy teaches us it can not, but the moral nature of man compels us to believe that it ultimately, somehow, somewhere, can be realized. He said:

So I am a pacifist. I am a pacifist in my hope; I am a pacifist in my prayers; I am a pacifist in my belief that God made man for better things than that civilization should always be under the blight of this increasingly deadly destruction which war leaves on us. And I am a pacifist in believing that the real contribution to that sentiment lies in adequate, sane preparedness on the part of any free people to defend its liberties.

I was Secretary of War from 1916 to 1921. The history of the United States is that we have never been prepared for war. It used to be the fashion two or three years ago to make some very critical observations about the War Department under my administration and that of my predecessor for not being prepared for the war. Well, I have no defense to offer on that subject except this, that if either I or any of my predecessors had gone down to the Congress and asked for a million-dollar appropriation to get ready, we would not have gotten it. We would have been regarded as alarmists who wanted to go to war.

The actual fact is that after we did go to war it was five weeks before the Congress of the United States appropriated a single additional penny to get ready, and we were already at war.

The United States has never been prepared for war, and we have gotten along fairly well for a number of reasons. In this last war the only reason that we did not have to pay a heavier penalty was that our allies held the front while we got ready.

I very well remember we had scarcely gone into war before general officers, military men, came from overseas to this country to consult with our General Staff, to consult with me, about how we could help with this work. And the French general and the English general each told me in the same words, "Mr. Secretary,

it costs us 10,000 lives to educate a major general. Pick your most experienced men; get the most highly trained men you can at the very outset, because the more they have to learn after the war begins the more you have to pay in human life."

Now, it was a providential dispensation that we could train our general officers alongside of these veteran French and British officers, and back of the lines which they were holding, but I pray God that the time will never come when we will be summoned by any heady, passionate attack of some other nation upon us to defend our country and find ourselves obliged to educate general officers at any such expense of life as that.

I believe we ought to have trained officers. It takes a shorter time to train an American officer than any other in the world, largely because of the immense advantage with which we start, by what our colleges and universities give to American youth. Your great university here in Columbus is a factory for the making of the most plastic and valuable raw material for officers that you can find anywhere in the world. Those young men and similar young men ought to be educated and given as much training as they can be in order that if this last emergency does come, your sons and my sons, when called upon to join the colors, will join under as highly trained and skilled men as possible.

I have only one further word to add, and that is to reinforce the idea with which I started out. Peace will not come by merely wishing for it. We must work for it. We must fight for it. We must be willing to abate something of our prejudices in the matter.

Everybody in this audience knows that I believe that the League of Nations is the way.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I rise in opposition to the Barbour amendment.

I wonder if the members of the committee know how many reserve officers we have in the United States and what their rank is. We have 1 major general, we have 27 brigadier generals, 742 colonels, 2,570 lieutenant colonels, 6,002 majors, 11,625 captains, 21,501 first lieutenants, and 37,931 second lieutenants, making a grand total of 80,399 officers.

You will understand that during the past years we have been sending between one-fourth and one-third of this total number of reserve officers to summer camps of 14 days; and I may say in this connection that we pay their entire expenses incident to such camp service and, in addition, the pay while in camp which a Regular Army officer on active duty receives, according to rank. In other words, the general who would go to the camp would receive during the 15 days all that a general on active duty would receive under the regular pay bill, and so on down the line.

The only thing which this provision does is to eliminate that 14 days' pay for the coming fiscal year; in other words, we say to these high-class, patriotic, outstanding Americans that we will defray their entire expenses at these camps during the coming fiscal year, but ask them to forego the salaries they have been drawing.

This amounts to something over \$2,000,000. Some of these higher officers, above company grade, go there for 14 days' service and carry home from \$125 to \$400, and as I have said, this totals something in excess of \$2,000,000.

We have heard economy here. We have heard unemployment on this floor until the words are almost tiresome to the ear. It is impressed on us day in and day out, and I may say that a large part of this so-called propaganda that is coming to you now and loading your desks every day from bankers, merchants, and industrialists emanates largely from this very crowd that we call the Organized Reserves.

If you want to aid unemployment, if you want to help the tax-burdened people of the United States, if you want to answer the demands which are made upon you from day to day, and if you really believe in economy, here is the place to exercise it. [Applause.]

[Here the gavel fell.]

Mr. GOSS. Mr. Chairman, after the first paragraph of this bill had been read about a week ago, I took a few minutes of the time of the committee to discuss the very question we are on now because, to me, it is one of the most important things in this bill. We have 10,000 officers in the Regular Army, but we have 115,000 reserve officers on whom we may draw in times of emergency. Of this number, there are only some 80,000 of the 115,000 on the active list because 27,000 have been taken off the active list.

We have now come to the point in this bill where we have got to decide whether we want real national defense or not.



This is the question we have got to decide, and the vote we are going to cast in a minute is going to decide the matter. If we vote for the Barbour amendment, we will be voting for national defense and for the protection of our country. If we vote against it, we will be put in the set who are opposed to national defense. We might as well face the issue.

Mr. BEEDY. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BEEDY. The gentleman is familiar with the fact that just after the close of the war the French and German Armies gave the information to our Secretary of War that it cost even the nations of Europe 10,000 lives to educate every major general they had.

Mr. GOSS. Yes; I thank the gentleman for his contribution; and, further than that, our own Regular Army stands thirteenth in all the armies of the world.

Mr. CHIPERFIELD. Seventeenth.

Mr. GOSS. I thank the gentleman. Seventeenth in all the armies of the world, and the reason we have got to maintain this Organized Reserve is to back up this pygmy Army of ours, which is no larger than the police force in a few of our large cities; and this is the policy that was laid down by the Military Affairs Committee in the national defense act of 1920.

We are at the point right now where this Congress must decide whether we are going to stand for an Army for national defense to back us up in time of emergency, or are we going, under the guise of economy, to cut these men so that we will be the only Nation in history that ever asked the officers to serve without pay and buy their own uniforms?

Mr. BANKHEAD. Will the gentleman yield?

Mr. GOSS. I will yield to the distinguished gentleman from Alabama.

Mr. BANKHEAD. The gentleman made the statement that we were soon going to vote on whether we believed in national defense or not, and that anyone who voted against the Barbour amendment was not in favor of national defense. Does the gentleman think that is a fair attitude to put us in in regard to a temporary reduction of pay for one year?

Mr. GOSS. I do. The Committee on Military Affairs of the House brought out a program for national defense in the program of 1920 and gave it to the House, but under the Holman rule that law has been so emasculated that little of the national defense act is in existence to-day. I repeat, I think it is fair to say that when you vote for this amendment you are voting to strengthen the national defense, and when you vote against it you are voting to weaken it. I can not see any other way out.

Now, these officers last winter spent a million and a half hours of their own time without any pay to study these problems and get ready for the summer training, all to find out that we are going to give them a dollar a day subsistence, and because they are only called to camp once in five years they are to receive no pay.

Why, one Member on the floor stated that these officers take home with them two to five hundred dollars apiece. The gentleman ought to be ashamed of himself who made such a statement.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, this House already has taken positive action upon this identical problem. The Navy has a naval reserve, similar to the Army's Organized Reserves. In the interest of economy, the Navy of its own volition has discontinued for this year and next year the 14-day training of Naval Reserves.

Now, that is the situation with reference to the Navy. I have heard no complaint about it. The Navy itself initiated and ordered the suspension.

What does this do here? It recommends to this House provision for a thousand Air Corps reserve officers to take training—more training than they are getting this year. It recommends that 772 reserve officers be given more than 15 days' training, and with reference to 19,000 other reserve

officers, it provides for 14 days' training, pays their transportation expenses to and from camp, and gives them a dollar a day for subsistence while at camp. To-day they receive no per diem for subsistence. In this bill we are more liberal than we have been toward the Naval Reserves, and notwithstanding the fact that we are providing for sending them to camp and paying their expenses at camp and expenses to and from, they say that we are impairing the national defense.

Now, ladies and gentlemen, we save over \$2,109,000 plus on this proposition, and I think it is worth while to do it. The President seems to think we ought to bring about economy to the extent of the total reduction we are proposing, and it seems to me that we ought not to be subjected to any criticism.

Mr. McDUFFIE. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. McDUFFIE. These reserve officers are all patriots and are not in it for the money that they get out of it in going to these camps.

Mr. COLLINS. Absolutely not; and it is a reflection upon the patriotism of these men to say they will not go to camp next year if they must go without pay. What does one of the best of these reservists say about this? One the best of them testified before the committee and said:

We fellows are not going to be any good in another war, we are too old. The fact is we don't know much about it anyway now.

These men of the type that testified here who admit that they are too old, if they are denied camp training, will not suffer very much, according to this testimony, so the ones to whom camp training would mean something are the younger men, who have been graduated from the Reserve Officers' Training Corps in recent years, and since they have had recent training it is not so imperative that they be given additional training at the present time.

Mrs. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. I can not yield; I am sorry. The recommendation of the committee to the House does not deny camp training to anyone. The Government will pay their expenses to camp and from camp and subsistence at camp, and in addition to that we provide money in this bill to give them correspondence courses, and every one of them who is sufficiently interested is taking those correspondence courses at the present time, supplied to them by the War Department.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. All time has expired. The question is on the amendment offered by the gentleman from California [Mr. BARBOUR].

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 125, noes 83.

Mr. COLLINS. Mr. Chairman, on that I demand tellers. Tellers were ordered, and the Chair appointed Mr. BARBOUR and Mr. COLLINS to act as tellers.

The committee again divided, and the tellers reported ayes 154, noes 92.

So the amendment was agreed to.

The Clerk read as follows:

No portion of this appropriation shall be available for the pay or rental and subsistence allowances of a reserve officer on active duty for a period of less than 15 days, except Air Corps reserve officers, and during the fiscal year 1933 members of the Officers' Reserve Corps, except Air Corps reserve officers, may not be ordered to active duty for a period of less than 15 days without their own consent, and those who do consent and report for duty shall not be entitled to pay or rental and subsistence allowances, but shall be paid \$1 per diem in lieu of subsistence, except that nothing herein shall be construed to deprive any member of the Officers' Reserve Corps of any of the benefits prescribed in the act of April 26, 1928 (U. S. C., Supp. V, title 10, sec. 451).

Mr. BARBOUR. Mr. Chairman, I offer the following amendment which I send to the desk, and this amendment is necessary because of the vote just taken on restoring the appropriation for the Organized Reserve. It strikes out the paragraph which follows the amount in the bill.

The CHAIRMAN. The Clerk will report the amendment.



The Clerk read as follows:

Amendment offered by Mr. BARBOUR: Page 54, strike out the paragraph commencing in line 23 and ending in line 11, on page 55.

Mr. STAFFORD. Mr. Chairman, I ask recognition in opposition to the amendment. Of all the proposed amendments that the gentleman from California [Mr. BARBOUR] is going to submit, the one that is now before the House is least defensible from the position of national defense. I would not rise at this time if I had not had experience in years back in connection with the appropriations for this service. There are one hundred and twenty thousand and odd reserve officers, of which one-fifth only attend the training camps each year. Some of them are assigned for more than 15-day training, sometimes as long as six months at posts of instruction, like Fort Benning, and this committee has not in any particular as to these reserve officers when taking such intensive training and instruction changed the policy of granting them pay according to their rank. The suggestion has been made by the gentleman from Maine [Mr. BEEDY] that there are 12,000 reserve officers connected with the National Guard who would be deprived of this cumulative pay. Does he mean to imply that these National Guard officers when they get their pay and allowances at an encampment of two weeks as guard officers are not getting the training they require and will not go to the reserve officers' camps for instruction if the pay of their rank is withheld, though all expenses are paid, including travel and sustenance? Yet you say that these National Guard reserve officers shall also receive the high emoluments attendant on the rank of major general and brigadier general and colonel and major if they held such rank. I say that they would belie their patriotism when in these hours of stress they would not be willing to serve without pay under these trying financial conditions. I for one would like to test the patriotism of these 120,000 officers and see whether they are really imbued with the proper spirit of patriotism or are willing to go to camp only on condition that they receive their two weeks' pay.

If I were out of Congress, I would like to have the Government give me an opportunity to take a vacation, at Government expense, even without pay. If there is any instance where you can consistently defend your position without violence to the defense policy of the country, it is here by voting down the amendment of the gentleman from California [Mr. BARBOUR] to strike out—

Mr. BEEDY rose.

Mr. STAFFORD. Yes, I will yield to the gentleman from Maine, who has always been, in time of stress or of plenty, an advocate of paying out money for the Army and all its activities. Ten years ago the maximum salary that these officers could receive was that of the grade of captain, but they were not satisfied with that liberal pay, and they got a bill through Congress so that they get the pay of the higher grades, if they hold that honorary rank, when they go on these 14-day instruction meetings.

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BEEDY. I do not know what the gentleman said about me, but I hope it was pleasant.

Mr. STAFFORD. I spoke loud enough so that the gentleman could hear.

Mr. BEEDY. I hope it was kindly. Does the gentleman understand that this amendment does not add a dollar of expense?

Mr. STAFFORD. No. If you keep this paragraph in you will enable all these reserve officers to go to these camps without pay, but they will have all their expenses paid, including mileage, and \$1 a day for sustenance, and they will not receive the extravagant pay of brigadier general, major general, colonels, majors, and the like if perchance they hold such rank. [Applause.]

Mr. BARBOUR. Mr. Chairman, I just want to state that this amendment is a formal amendment which follows the one which has just been adopted by teller vote. This section which I am now asking to strike out is the one which

limits the compensation that reserve officers would receive at camp to \$1 a day, in lieu of subsistence. We have just voted to restore the regular pay that they receive when they go to camp. Therefore this section of the bill is not necessary.

Mr. PARKS. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. PARKS. By that teller vote on the gentleman's amendment we went back to the days of prosperity, and we are paying them identically the sum of money that was drawn during prosperous days and increasing the appropriation by more than \$2,000,000.

Mr. BARBOUR. We are going back to maintaining something like an adequate national defense in this country, and that is what the people of this country want.

Mr. PARKS. You will never do it by this kind of a proposition of training these men for two weeks.

Mr. BARBOUR. It will never be done by striking out the small pay that these officers receive, and undermining this organization that has been maintained for years.

Mr. BYRNS. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BYRNS. Does the gentleman think that the reserve officers of the country will refuse to go to this camp for two weeks merely because they do not draw a little pay from the Treasury?

Mr. BARBOUR. I think we have no right to ask a lot of these young men of limited income and limited means to go to the training camps without compensation. [Applause.]

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was certainly surprised to see my distinguished colleague from Wisconsin [Mr. STAFFORD], able parliamentarian that he is, take the floor to oppose the pending amendment submitted by the gentleman from California, which, by its nature, as the gentleman explained, is merely a perfecting amendment, following the decisive teller vote taken in the Committee of the Whole.

The gentleman from Wisconsin [Mr. STAFFORD] is now on the economy bandwagon. God forbid that this Congress, in these days of fanatical economy, will sacrifice the welfare of our Nation and her people by reducing the effectiveness of our national defense. In these days of unrest and large military and naval establishments among the nations of the world, with the Asiatic countries now beginning the next war, and with the foreign nations failing to agree to some limitation of armaments, is no time to reduce the effectiveness of our national defense. Although one of these foreign nations has had over four and one-half billion dollars shaved from its debt owed to America and claims to be too poor to pay the interest and principal on their just debt, it has sufficient funds to maintain a huge Navy and Army. Are we to destroy the effectiveness of our national defense in order to put a few millions into some of the vacant places in the Treasury, which are vacant because these foreign nations, which are now spending millions and millions for armament and for future wars, do not send us what they owe us, under their greatly reduced debt settlement?

I wish we could pass these appropriation bills and adjourn. If this Congress is to continue in session, and we are to have this fake, demagogic economy in and out of Congress, God knows what harm will come to the people. In the past three months the demagogic utterances of those who claim to stand for economy in this Congress, and outside, have cost the people of the Nation billions of dollars. We know that a great deal of this depression is psychological, and we are adding to the despair and misery throughout the Nation as the days go by, camouflaging the economy and other issues. If the country is in such financial condition as some of our economy peddlers for political purposes state, then why not appoint a receiver and go into bankruptcy. I urge you Members of Congress, in these times of unrest among the



nations of the world, to think of the men who have to fight the battles in future wars when you are pinching dollars here and there in appropriating funds to train the men who must do the fighting. Think of those citizens of to-day who must fight our next war, if one comes upon us. Is it wise or economical to save a million or two here in the name of economy and cripple our national defense and assist in leading to an extraordinarily great loss of life of those who have to fight the future war, because of insufficient training?

We believed and hoped that the World War was the last war. Many of us hoped that it was; but when we view the situation as it is we know it is only a hope. We can not legislate, from a national-defense standpoint, on the high ideal and hope that we will never have any future war. Let us face the facts and stop ravishing the name of economy, particularly when it is applied to our national defense and to the future welfare of our Nation and our people. I suppose if we had a major war to-morrow, perhaps the distinguished gentleman from Mississippi, the chairman of the subcommittee, Mr. COLLINS, would take half a dozen of his Christie tanks and overcome and destroy any and all foreign nations who saw fit to make war with us. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. FRENCH. Mr. Chairman, it is a difficult thing for a Member of Congress to urge a reduction on an appropriation bill upon any item where there is terrific propaganda pouring in upon him and upon all Members for increase rather than reduction. But, gentlemen, remember the plight of our country. There is no item in this bill and there has been no item before this Congress in many a day where the Members of the Congress have a right to vote for a reduction with more confidence than upon the item here under consideration.

The gentleman says it is merely a clarifying item. I say it is an item that puts into effect the amendment you adopted a little while ago, and that it adds more than \$2,100,000 to the bill. We ought not to adopt this amendment.

Do you stop to realize if the appropriation bills shall be passed in something like the terms in which they have been passing and without reduction in compensation as recommended by the Economy Committee and by the President, you are going to have rural delivery carriers thrown out of employment, city carriers thrown out of work, and literally thousands of employees stricken from the rolls? Already you have decreed that between two and three thousand employees of the Interior Department shall be forced out. For my part, I favored the reduction in compensation. I believed it was the sounder course.

Gentlemen, we ought to reduce our appropriations, and here is a place where we can reduce with the minimum of injury.

No one questions the patriotism of the fine members of the Officers' Reserve Corps. But who are these officers? They are the splendid citizens employed—practically all of them—in gainful occupations. In addition, they belong to the Officers' Reserve Corps. As part of their normal training, they attend training camps for which in normal times they receive pay for a period of two weeks. The pay item alone the committee has omitted.

Leaving that item out, what will the members of the Officers' Reserve Corps receive? First of all, they will receive travel pay to camp. The committee bill cares for that. What else will they receive? They will receive a dollar a day in lieu of subsistence. What else will they receive? They will receive hospitalization privilege during all the period. What else will they receive? They will receive full credit upon their longevity for all the time they will be in training.

Now, gentlemen, in spite of telegrams and letters, I believe that when these officers shall have had opportunity to think over the crisis that confronts our country they will justify you in withholding pay. They will go to training camps and they will say: "This is the least sacrifice I can make, and it is not comparable to the sacrifice my neighbors are making

all over this country on the farms, in the professions, in business, and everywhere, and I am glad to make it."

Mr. Chairman, we ought not to adopt the proposed amendment. [Applause.]

The CHAIRMAN. The time of the gentleman from Idaho has expired. All time has expired. The question is on the amendment offered by the gentleman from California [Mr. BARBOUR] to strike out the paragraph.

The question was taken; and on division (demanded by Mr. BARBOUR) there were—ayes 131, noes 79.

So the amendment was agreed to.

The Clerk read as follows:

No portion of the appropriation shall be expended for the pay of a reserve officer on active duty for a longer period than 15 days, except such as may be detailed for duty with the War Department General Staff under section 3a and section 5 (b) of the Army reorganization act approved June 4, 1920 (U. S. C., title 10, secs. 26, 37), or who may be detailed for courses of instruction at the general or special service schools of the Army, appropriated for in this act, or who may be detailed for duty with tactical units of the Air Corps, as provided in section 37a of the Army reorganization act approved June 4, 1920 (U. S. C., title 10, sec. 369): *Provided*, That the pay and allowances of such additional officers and nurses of the Medical Reserve Corps as are required to supplement the like officers and nurses of the Regular Army in the care of beneficiaries of the United States Veterans' Bureau treated in Army hospitals may be paid from the funds allotted to the War Department by that bureau under existing law.

Mr. BARBOUR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: Page 55, line 19, before the word "appropriated," insert "or whoever may be detailed to duty as instructors at civilian military training camps."

Mr. BARBOUR. Mr. Chairman, many of these amendments are interrelated. Later on an amendment will be offered to restore the citizens' military training camps. If that amendment is adopted, then it will be necessary to incorporate this language in the bill at this place, and I ask unanimous consent to return to this amendment after we have acted upon the citizens' military training camp provision.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read as follows:

#### CITIZENS' MILITARY TRAINING RESERVE OFFICERS' TRAINING CORPS

For the procurement, maintenance, and issue, under such regulations as may be prescribed by the Secretary of War, to institutions at which one or more units of the Reserve Officers' Training Corps are maintained, of such public animals, means of transportation, supplies, tentage, equipment, and uniforms as he may deem necessary, including cleaning and laundering of uniforms and clothing at camps; and to forage, at the expense of the United States, public animals so issued, and to pay commutation in lieu of uniforms at a rate to be fixed annually by the Secretary of War; for transporting said animals and other authorized supplies and equipment from place of issue to the several institutions and training camps and return of same to place of issue when necessary; for purchase of training manuals, including Government publications and blank forms; for the establishment and maintenance of camps for the further practical instruction of the members of the Reserve Officers' Training Corps, and for transporting members of such corps to and from such camps, and to subsist them while traveling to and from such camps and while remaining therein so far as appropriations will permit or, in lieu of transporting them to and from such camps and subsisting them while en route, to pay them travel allowance at the rate of 5 cents per mile for the distance by the shortest usually traveled route from the places from which they are authorized to proceed to the camp and for the return travel thereto, and to pay the return travel pay in advance of the actual performance of the travel; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for pay for students attending advanced camps at the rate prescribed for soldiers of the seventh grade of the Regular Army; for the payment of commutation of subsistence to members of the senior division of the Reserve Officers' Training Corps, at a rate not exceeding the cost of the garrison ration prescribed for the Army, as authorized in the act approved June 3, 1916, as amended by the act approved June 4, 1920 (U. S. C., title 10, sec. 387); for medical and hospital treatment until return to their homes and further medical treatment after arrival at their homes, subsistence during hospitalization and until furnished transportation to their homes, and transportation when fit for travel to



their homes of members of the Reserve Officers' Training Corps who suffer personal injury in line of duty while en route to or from and while at camps of instruction under the provisions of section 47a of the national defense act approved June 3, 1916 (U. S. C., title 10, sec. 441), as amended; and for the cost of preparation and transportation to their homes and burial expenses of the remains of members of the Reserve Officers' Training Corps who die while attending camps of instruction as provided in the act approved April 26, 1928 (U. S. C., Supp. V, title 10, sec. 455); for mileage, traveling expenses, or transportation, for transportation of dependents, and for packing and transportation of baggage, as authorized by law, for officers, warrant officers, and enlisted men of the Regular Army traveling on duty pertaining to or on detail to or relief from duty with the Reserve Officers' Training Corps; for the maintenance, repair, and operation of motor vehicles, and for the purchase of not to exceed 15 motor-propelled truck chassis, with passenger or cargo bodies, at a total cost not to exceed \$10,250, including the values of vehicles exchanged, \$2,998,711, of which \$446,510 shall be available immediately: *Provided*, That none of the funds appropriated in this act shall be used for any expense of or for camps for the practical instruction of members of the Reserve Officers' Training Corps, but members of such corps denied camp instruction in consequence hereof shall not be refused appointments as reserve officers of the Army of the United States by reason thereof: *Provided further*, That the Secretary of War is authorized to issue, without charge, in lieu of purchase, for the use of the Reserve Officers' Training Corps, so many horses now belonging to the Regular Army as he may consider desirable: *Provided*, That uniforms and other equipment or material issued to the Reserve Officers' Training Corps in accordance with law shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or material furnished to the Reserve Officers' Training Corps from stocks under the control of the War Department be in excess of the price current at the time the issue is made: *Provided further*, That none of the funds appropriated in this act shall be used for the organization or maintenance of an additional number of mounted, motor transport, or tank units in the Reserve Officers' Training Corps in excess of the number in existence on January 1, 1928: *Provided further*, That none of the funds appropriated in this act shall be available for any expense on account of any student in Air Corps, Medical Corps, Dental Corps, or Veterinary units not a member of such units on May 5, 1932, but such stoppage of further enrollments shall not interfere with the maintenance of existing units: *Provided further*, That none of the funds appropriated in this act shall be expended for or on account of any educational institution not essentially a military school which does not leave the election of military training to all students enrolled therein, and this appropriation shall be available, in accordance with law, to such institutions as maintain elective military training courses: *Provided further*, That none of the funds appropriated elsewhere in this act, except for printing and binding and pay and allowances of officers and enlisted men of the Regular Army, shall be used for expenses in connection with the Reserve Officers' Training Corps.

Mr. BARBOUR. Mr. Chairman, I offer an amendment.  
The Clerk read as follows:

Amendment offered by Mr. BARBOUR: Page 58, line 20, strike out "\$2,998,711" and insert "\$4,079,484," and on page 52, line 21, after the comma strike out all matter down through and including the comma at the end of line 2, page 59.

Mr. BARBOUR. Mr. Chairman, this is the amendment which will restore the summer training camps of the Reserve Officers' Training Corps. It proposes to add to the amount of money carried in the bill the sum of \$1,080,773; in other words, it will bring the amount in the bill up to the Budget estimates for this activity. It does not increase the Budget estimates to any extent whatsoever. The summer camps of the Reserve Officers' Training Corps are the camps which the young men in the colleges and higher institutions of learning attend after they have spent about three or four years in reserve officers' training work. It furnishes for these young men a rounding-out course where they can go and work with the Regular Army and put into practice some of the theories they have learned during their college courses.

The camps have been maintained each year for a period of six weeks. There are about 7,000 students who attend these camps. They are allowed 70 cents a day and about 70 cents a day for subsistence. Because of reduced commodity costs it will not amount to that much this year.

The purpose of the camps is to give these young men an opportunity to attend and put into practice the theories they have acquired in the schools and colleges they have attended.

Mr. WOOD of Indiana. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. WOOD of Indiana. The other day, while I was speaking upon this bill, the gentleman from California rose and said there would be plenty of opportunity during the consideration of this bill to make reductions so as to keep the total reductions \$24,000,000 under the Budget estimates. Now, I would like to ask the gentleman when are we going to get to them?

Mr. BYRNS. And what they are going to be.

Mr. BARBOUR. I stated to the gentleman from Tennessee the other day where we could find places in the bill to make reductions. If I remember correctly, I stated that there were places in this bill where we could effect savings. The gentleman from Tennessee asked me where we could effect any savings and I stated to him that the flood-control item, for instance, had not been cut at all; that the rivers and harbors item had not been cut at all, and yet nearly everything else in the bill had been cut. I suggested to my friend from Tennessee that that might be a fertile field in which he could work.

Mr. BYRNS. In order to comply with what we understood to be the position of the President, as stated by the gentleman from Indiana, is it the purpose of the gentleman, when he has raised the appropriations in the bill nearly \$6,000,000, to offer amendments to reduce the amounts carried in the bill for river and harbor work, flood control, and other proposals in this bill which afford work for the unemployed?

Mr. BARBOUR. It is not my purpose to offer them.

Mr. BYRNS. Then the gentleman does not propose to do anything to save the amount of money by which he has increased the appropriations carried in this bill?

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARBOUR. The gentleman from Tennessee is chairman of the committee. He can offer them; but it is not my purpose to offer them.

Mr. BYRNS. I beg the gentleman's pardon. I have stood here and pleaded with this House not to increase this bill, and at the instance of the gentleman it has been increased. I say there is as much of an obligation upon the gentleman from California to hold down expenses as there is upon the gentleman from Tennessee or any other Member of this House. [Applause.] I say that if these reductions can be made, as the gentleman seems to think they ought to be, with all due respect to my good friend from California, it is his duty to propose them.

Mr. BARBOUR. I want to say to the gentleman from Tennessee that he and I differ on that point. He asked me where we could find some savings and I suggested two items in the bill, large items, which have not been cut at all and to which modest cuts might be applied and no particular harm be done.

The gentleman and I disagree as to some of the methods of securing economy. I find myself more in harmony with the gentleman from Wisconsin than the gentleman from Tennessee [Mr. BYRNS].

Mr. STAFFORD. Which gentleman from Wisconsin?

Mr. BARBOUR. The gentleman from Wisconsin [Mr. SCHAFER].

There is no use of being impractical or hysterical about economy. If we put in every one of the amendments that I have offered here or will offer, including the 2,000-officers amendment which was voted down by the committee the other day, this bill would still be \$15,000,000 under the Budget and \$48,000,000 under the appropriation bill for the present fiscal year. You have voted not to restore the 2,000 commissioned officers; and, therefore, as the matter now stands, if you restore the Reserve Officers' Training Corps training camps, if you restore the citizens' military training camps and the Organized Reserves, you will still be \$53,-



000,000 under the appropriations for the present year and practically \$20,000,000 under the Budget. That is an excellent showing.

The people of this country asking this Congress for economy are not asking us to sacrifice our national defense in the name of economy.

Mr. SCHAFER. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. SCHAFER. The interruption of the gentleman from Tennessee [Mr. BYRNS] indicated that the President of the United States was using the gentleman from Indiana [Mr. Wood] as his spokesman on this War Department appropriation bill. I want to say if that is so, that the spokesman was reckless and careless in the handling of the facts when he indicated on the floor of the House, during the speech that has just been referred to, that the British Army had only 5,000 Regular Army officers when, as a matter of fact, they have over four times that number.

Mr. BEEDY. Will the gentleman yield?

Mr. BARBOUR. I yield to the gentleman from Maine.

Mr. BEEDY. If the gentleman wants an answer to that question, the President never gave any authority for any such statement, and I have it from his own lips.

Mr. SCHAFER. I am pleased to hear that.

Mr. BEEDY. He said there would be a saving in this bill and that the War Department itself ought to have the right to say where that saving is made; and the War Department says that you can not cut the heart out of this great national-defense program by cutting into these reserve appropriations and at the same time maintain the defense of the United States. [Applause.]

Mr. SCHAFER. Then why does one of the Republican leaders, the gentleman from Indiana [Mr. Wood], assume to act as the spokesman for the President and try to get the rest of the Republicans to follow him in wrecking our national defense?

[Here the gavel fell.]

Mrs. ROGERS. Mr. Chairman, I move to strike out the last word.

We have heard a great deal about economy in the last two weeks. We all know at the present time what the cost of the great World War means to us. We all remember the days at the beginning of the World War when we were not prepared. We remember at the time of the sinking of the *Lusitania* that many felt we should enter the war. President Wilson and others apparently felt we were not prepared. When we finally entered the war we were still unprepared—and we might have done so much in preparation.

I remember in 1917 talking with an elderly British officer in France about a fine, a very young British officer who had just died, and I asked why this British boy and practically his entire regiment had been wiped out; his reply was, "Unprepared."

If we had been prepared at the sinking of the *Lusitania*, we would have entered the war then. We would have saved thousands, nay, millions of lives and millions of dollars. I believe Russia would have stayed with the Allies if we had entered the World War then. It would have had a tremendous psychological effect upon Germany if we had entered the war then. If we had had our national defense earlier, Germany would have hesitated about embarking upon a great World War.

I know the work of these citizens' training camps and the work of the Reserve Officers' Training Corps. Every year I fly over New England inspecting these camps. One of these training camps, Fort Devens, is in my own district. I have visited camps in other parts of the country. I see what it does to the men in teaching them citizenship. Men of every walk of life learn cooperation. They learn to serve. They learn no task is too small or too great to do if it is done in service. You know that this money to give the men their chance for practical training is absolutely vital. How can you expect a young cadet officer to properly instruct boys in the basic courses in firing guns if he has had no practical

experience? He has had no battery of guns under his supervision as he has in the Reserve Officers' Training Corps camps.

I wonder how many of you men have sons of your own? You have heard a great deal about the unrest all over the world at this time. Those of you who have boys that may be called upon to serve I am sure will want to give your boys a chance to take care of themselves and a chance to take care of the privates in their ranks in case of trouble. You will want to give the boys of other men a chance. You can not cut the heart right out of our national defense. You can not cut out the foundation of military training. It would be an unjust thing, a most cruel thing to do at this time. [Applause.]

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I think it comes with poor grace from our friend from Maine [Mr. BEEDY] to deny the spokesmanship of the distinguished gentleman from Indiana for the Republican Party. Our friend from Indiana [Mr. Wood] is the outstanding Republican in the United States. He has accomplished much for the Republican Party. Without his wise counsel and tireless leadership it would have floundered many times during the past 10 years. It has been WILL Wood, of Indiana, who has kept his party's head above high water. When it needed whistling through graveyards to keep Republican courage up, WILL Wood has whistled mightily. When it has required boasting, WILL Wood has boasted lustily. When it has been necessary to "sing in the rain," WILL Wood has sung eloquently amid thunderclaps and lightning.

Why, it was the matchless leadership of the gentleman from Indiana [Mr. Wood] and his authority to speak for the Republicans that put the President into the White House. [Applause.] The gentleman from Indiana had been speaking for him before he became President, he has been speaking for him ever since he has been in the White House, and if he ever stops speaking for him the President would not have a chance on earth to stay there, even until the next election. [Laughter.]

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. No; I can not yield, because my friend must not exert himself. I want to keep the gentleman from Wisconsin in good fighting trim. If I yielded, he would be sure to divert me from my subject, and this is not the proper time to discuss beer and booze. We will handle that subject with him next Monday.

My friend from Indiana [Mr. Wood] knows this, that every time there is an earnest effort made here by any committee of Congress to reduce the expenses of the Government it impinges on somebody's toes and somebody's job, and all their friends come up here and surround us with propaganda and personal interviews, people the galleries, and our efforts for economy go with the winds. What are you going to do about it? You never will keep down expenses of the Government without reducing some appropriations, and every time you reduce one it affects somebody, and when we reduce the Navy the gentleman from Illinois [Mr. BRITTEN] and the gentleman from Georgia [Mr. VINSON] always get up to protect the Navy Department and obstruct all reductions, and General CHIPERFIELD, General Goss, and General MARTIN, and the gentleman from California [Mr. BARBOUR] protect the War Department and obstruct reductions there; and others protect every other bureau in the departments. What are you going to do about it?

The country is calling on us to reduce expenditures. How are you going back home and explain it? My friend the gentleman from California [Mr. BARBOUR], a splendid fellow, how is he going back to California to face the people there, and when they say, "BARBOUR, what did you do about reducing expenses?" he will say, "I put \$3,000,000 back into the bill, at one place, and several millions more back into the bill in another place, and refused to reduce expenses."

Mr. BRITTEN. Will the gentleman yield?



Mr. BLANTON. Yes; I am afraid not to; the gentleman is too good an expert with the gloves when he gets into the ring. [Laughter.]

Mr. BRITTEN. The gentleman from Texas asks the House, What are we going to do about it? I will answer the question what the House is going to do about it, and that is just what the gentleman did with prohibition—increase the appropriation in the bill. [Laughter.]

Mr. BLANTON. I want to say to the gentleman that I am going to vote to cut all the appropriations, the appropriation for prohibition, and all other expenditures all down the line, because we must balance the Budget. Will the gentleman go along with me?

Mr. BRITTEN. I will, if the gentleman will vote to cut prohibition 100 per cent, I will go along with him 100 per cent.

Mr. BLANTON. I will not do that. I believe in upholding the law. I want to say, however, that the people of this country are all worked up over this eternal advocacy of "beer, beer, beer." Last Saturday they had a procession in Detroit and had a number of little boys and girls marching up and down the street with banners, chanting "We want beer, we want beer." Was not that ridiculous? It is performances like that that are waking up the mothers and fathers of America. That will do more to get the fathers and mothers busy against booze than anything else that you could do to awaken them.

Mr. BRITTEN. The fathers and mothers are not asleep.

Mr. BLANTON. They have been for the last 10 years, but they are thoroughly awake now.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I ask that the gentleman from Texas have 30 seconds more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. I will answer any question the gentleman asks me.

Mr. BARBOUR. The gentleman asked how I was going to explain my action when I went back to California. If any explanation is necessary, I am going to say that I stood here for something that was absolutely necessary for adequate national defense.

Mr. BLANTON. That may be satisfactory to the major generals and colonels in California, but it will not satisfy the people of the United States, who want a \$4,000,000,000 Budget reduced and balanced because they want Government expenses cut down.

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, of course, I have nothing to do with this controversy between my good friend from Indiana [Mr. Wood] and my friend from Maine [Mr. BEEDY], but I would feel I was not speaking frankly if I did not say this, and I speak from experience not only in the Committee on Appropriations but in this House. There is no Member of this House who has been more earnest in favor of economy than the gentleman from Indiana [Mr. Wood]. [Applause.] The gentleman from Indiana, earnest and partisan Republican that he is, has never permitted the question of politics to enter into his consideration of appropriations in the Committee on Appropriations or in this House. I do not expect that anything I may say will have any effect upon the amendment which is now pending. The House seems determined to defeat this effort of the committee to make savings of millions of dollars in this bill. I am not here to offer the slightest criticism of any Member of the House for his action. That is something which appeals to each individual. Every man on the floor here, and every woman, has the right, of course, to his or her own judgment concerning appropriations; but I do object to the effort which some have made on the floor of this House, and the propaganda which has been scattered over this country, to show that those who stand for these reductions in this appropriation bill are not in favor of maintaining the national defense of our country to the highest standard. I ask in all fairness, how much does it impair our national defense when you

say to the Organized Reserves that in the 15 days' training they shall take in the summer time they shall not have pay? As the gentleman from Idaho says, you are now proposing to cut and reduce the personnel of your departments and to turn people out of jobs. There are 10,000,000 people walking the streets and the highways of this country at the present time looking for jobs. Yet you propose to appropriate over \$2,000,000, as you have done by your vote, to provide pay for those who attend these Organized Reserves camps. I would not insult the reserve officers of this country by saying that it is necessary to give them pay for 15 days in order to secure their attendance at these training camps, especially when you provide a dollar a day for their subsistence and all of the expenses necessary to carry the camp on, including their transportation.

I want to know how it will affect the national defense if for one year you cut your Reserve Officers' Training Corps camps out when you are providing for the training of these young men in the colleges and schools of the country with a certain amount of pay. I want to know how it is going to weaken the security of this country if for one year and one year only you cut out your citizens' military training camps. Do you tell me that that will weaken the national defense? It seems to me perfectly absurd; yet here we are with a deficit of over \$3,000,000,000 confronting us, with the Senate at the other end of the Capitol struggling now to find ways and means to raise taxes in order to balance the Budget, with the President urging you to balance the Budget, with all of the organizations in the country urging you to balance the Budget—yet we are about to add \$6,000,000 to this bill.

Mr. Chairman, it can not be defended from any standpoint.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLLINS. Mr. Chairman, I move that all debate on this amendment close in 10 minutes.

The motion was agreed to.

Mr. BEEDY. What are the merits of this amendment before us? It will prevent 7,200 men going into these camps. The gentleman from Mississippi [Mr. COLLINS] has said that these Reserve Officers' Training Corps students go to camp when they get all through their course. That is not exactly correct. They go to camp at the end of the junior year. Twelve hundred of these men will never get to camp unless they can go this year. Six thousand of them are graduated each year into the Organized Reserves. These men will miss camp this year, and in future they will only have a chance about once in five years to get into the field for their practical training.

I say that these men, with their 4-year course, deprived of any chance to put into practical operation the theories they have learned, will be seriously handicapped in their ability to protect the lives of the men who will be put under their command in the event we again are forced into war.

Let me read again from the speech recently made by ex-Secretary of War Baker. He said:

I believe we ought to have trained officers. It takes a shorter time to train an American officer than any other in the world.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. LaGUARDIA. Mr. Chairman, if the gentleman from Maine and the gentleman from California would contribute as much energy and force and vehemence in efforts to put men to work as they do to put men into military camps, perhaps the country would get out of this crisis sooner. [Applause.]

I have offered not one but four or five amendments to this bill to bring about economies of several million dollars, but have received very little support from the gentlemen who are now purporting to be supporting the President. I can assure you, Mr. Chairman, I have no special confidential message to give, either directly or indirectly, from the President of the United States [applause]; but I am just as well informed on the subject as the gentleman from Maine. [Mr. BEEDY].



Now, they would have it appear that there was an effort here to-day to disband the American Army. I invite a comparison of the amount of appropriation contained in this bill with the amount appropriated by any country in the world. We are appropriating more money for Army and Navy than any other country in the world. The gentleman knows, and I say this in all earnestness, that there is one thing that the President of the United States has at heart, and that is to assume and maintain world leadership for disarmament, and we are setting a very bad example on the floor of this House to-day.

Why, gentlemen, these boys covered by the amendment have had four years of military training. They have been uniformed for four years. The gentleman from Maine admits in his closing statement that 6,000 of them will become reserve officers and will have ample opportunity to get additional active military training.

This air of militarism seems to be quite popular to-day. This tremendous drive for the citizens' military training camps, the Reserve Officers' Corps, and the Reserve Officers' Training Corps, and additional officers at this time when we blindly voted the Interior Department appropriation bill should be reduced 10 per cent. The gentleman from Maine voted that way and is not to be criticized on that score if he so desired to vote, but I say all this talk about impairing the national defense can not be correct. It is not justified, because we have nearly 500,000 men uniformed at the time, equipped, and under constant military training in this country, yet you say we are destroying our military defense.

Several gentlemen have been so imprudent as to suggest the domestic condition of the country is such we should not disturb the appropriations now. Why, one high official of the Government told me when I was discussing economies with him that he knows millions of dollars could be cut out of this bill and the naval bill, but he said:

We have had the experience of the Navy in England.

I resent that. I do not believe it. I believe we can and should economize.

I submit to every one of my colleagues who has been on the floor of the House every minute of the time during consideration of this bill, if the gentleman from California did not suggest the other day that he would cut \$10,000,000 from rivers and harbors and flood control, and one gentleman asked him if he would apply the cut to the Sacramento River, and he said:

I will take my share.

Mr. Chairman, for every million dollars you cut from rivers and harbors you cut 60,000 labor days. For every million dollars you cut on flood control you cut 77,000 labor days; and as between 600,000 labor days and 7,000 vacations of two weeks I am going to vote for the labor days. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from New York has expired; all time has expired.

The question is on the amendment offered by the gentleman from California.

In view of the length of the debate, without objection, the Clerk will again report the amendment.

The Clerk again reported the Barbour amendment.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 115, noes 116.

Mr. BARBOUR. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COLLINS and Mr. BARBOUR.

The committee again divided; and the tellers reported that there were—ayes 138, noes 129.

So the amendment was agreed to.

Mr. BARBOUR. Mr. Chairman, I offer another amendment to the paragraph.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 59, line 21, after the colon, strike out down to and including the colon in line 8 on page 60.

Mr. BARBOUR. Mr. Chairman, I only want to say that the provision in the bill which the amendment seeks to correct limits the appropriation to schools and colleges where military training is elective. The bill has never carried that provision before.

Mr. COLLINS. The gentleman is talking of an amendment he does not intend to make, is he not?

Mr. BARBOUR. I am quite sure I am not.

Mr. COLLINS. The proviso about which the gentleman is now talking is one the gentleman voted for in the committee.

Mr. BARBOUR. Oh, no; no, indeed.

Mr. COLLINS. This relates to the Air Corps and the Medical Corps.

Mr. BARBOUR. The provision of the bill I am talking about is the proviso on page 60 that none of the funds appropriated in this act shall be expended for or on account of any educational institution, and so forth.

Mr. Chairman, I simply want to say to the committee that if the language of the bill is retained without amendment, the funds carried in the bill will be expended only at schools where the training is elective. Many of these schools require military training; many of the colleges require military training as a form of physical training, and students who take the military training are excused from other kinds of gymnasium work and physical training.

Mr. HOLADAY. Will the gentleman yield?

Mr. BARBOUR. I would like to make my statement.

Mr. HOLADAY. But I think the gentleman's amendment does not do what he intends to do.

Mr. BARBOUR. I think so. I am striking out the language which would allow this money to be spent only at schools where the training is elective.

Mr. HOLADAY. But the amendment also strikes out the other provision, which the gentleman does not want to do.

Mr. BARBOUR. If it does, we will correct it.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. OLIVER of Alabama. I am in full sympathy with the gentleman's amendment and had prepared one to offer myself. I think the gentleman will find the amendment should apply on page 60, line 2.

Mr. COLLINS. The gentleman should amend his amendment by making it affect the proviso on page 60, line 2, and ending with the word "courses" in line 8.

Mr. CHINDBLOM. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Does the gentleman from California yield for that purpose?

Mr. BARBOUR. Yes.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again read the amendment.

Mr. BARBOUR. Mr. Chairman, the amendment is intended to apply only to the language on page 60, commencing at line 2, and striking out down to and including the word "courses" in line 8.

Mr. CHINDBLOM. Mr. Chairman, I ask unanimous consent that the amendment as modified be reported.

The CHAIRMAN. Without objection, the Clerk will report the amendment as modified.

There was no objection.

The Clerk read as follows:

Amendment as modified by Mr. BARBOUR: Page 60, line 2, after the colon in line 2, strike out the proviso terminating in line 8.

Mr. BARBOUR. The language of the bill is:

That none of the funds appropriated in this Act shall be expended for or on account of any educational institution not essentially a military school which does not leave the election of military training to all students enrolled therein, and this appropriation shall be available, in accordance with law, to such institutions as maintain elective military training courses.

That is going to change the whole system of military training in these schools because many of the universities and many of the schools throughout the country require military training as a part of their courses, at least for a



certain length of time. It will withhold money from schools and institutions in every State in the Union. In every State there are schools which require military training, and under the provisions of this bill they would be deprived of any funds.

Mr. RAMSPECK. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. RAMSPECK. Would not that language affect public schools which have military training?

Mr. BARBOUR. If it is required; yes.

[Here the gavel fell.]

Mr. BARBOUR. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. WOODRUM. I am in sympathy with the gentleman's amendment. I would like the gentleman to point out also that his amendment does not in any way affect the amount provided in the bill.

Mr. BARBOUR. Not at all.

Mr. WOODRUM. It does not add anything to the bill.

Mr. BARBOUR. It adds nothing to the bill. I want to say that at the last session of Congress and at the session before that this language was offered as an amendment to the bill, and in each instance it was voted down by a large vote.

Mr. McSWAIN. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. McSWAIN. I want to say that as far as I am personally concerned I think this language in the bill is an interference with the internal management of schools in the various States, and therefore I shall support the gentleman's amendment.

Mr. BEEDY. Will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. BEEDY. The provisions of the bill include not only the higher institutions of learning, such as colleges, but also apply to fitting schools, high schools, and so on; and because it includes the latter I am opposed to it.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, this is the same amendment which the gentleman from New York [Mr. LaGuardia] offered in the House last year. This is not an amendment, as some have insinuated, which seeks to destroy military training in the schools of the country. I wish to make the reason for this amendment perfectly clear. I think it is wholly misunderstood. The reason for giving instruction in military tactics in the schools and colleges of this country is to provide the Government with reserve officers. That is the reason set forth in the national defense act for the existence of the Reserve Officers' Training Corps in the schools and colleges of the country. Now then, it seems to me that the Congress of the United States, in carrying out the intent of the national defense act, ought to be in favor of such system as would provide the Government with the largest number of reserve officers. Whether you believe it or not, I maintain that the elective system gives you a larger number of reserve officers than the compulsory system, and I am prepared to prove it to you. That is what we say we are after, and you ought to be willing to listen to the proof of it.

Take the University of Pennsylvania, when recently the basic students numbered 420. The advanced courses, which apply to the junior and senior years, are elective in all schools except the essentially military schools. At the University of Pennsylvania, out of 420 basic students, 193 became advanced students, and 92 finally went into the reserve out of the original 420. At Penn State they had 2,011 basic students. There it is compulsory, while at the University of Pennsylvania it is elective. Here 107 entered the advanced course as against 193 at the University of Pennsylvania, and out of the original 2,011 basic students we got 46 reserve officers. Half the number of reserve officers, mark you, from Penn State as from the University of

Pennsylvania, and still Penn State had five times as many basic pupils.

Then we come to Pittsburgh University, which is elective: Basic, 472; advanced, 118; reserve officers, 52.

Lehigh, which is compulsory: Basic, 743; advanced, 93, as against 118 at Pittsburgh; going into the reserves, 33 as against 52 for Pittsburgh. Let us look further.

Here is Carnegie, which is elective: Basic, 280; advanced, 94; going into the reserves, 44. Drexel, compulsory, with nearly three times as many basic pupils, 636 to be exact, 52 as against 93 advanced at Carnegie Tech, and 28 that go into the reserves as against 44 for Carnegie Tech.

Now, I should like to summarize these figures for you as to the schools I have named. Out of a total of 1,172 basic students at elective schools, 405 took the advanced courses and 188 finally went into the reserve. Turning to the compulsory schools, listen, if you please: Out of 3,590 basic students, more than three times as many, mark you, 252 took advanced training and we got in reserve officers how many? Just 107.

Gentlemen, if you are serious about wanting to build up the Officers' Reserve Corps, the way to do so is to make military training at these schools elective rather than compulsory. If you honestly want reserve officers, make your schools elective and you will get them. As it is now, just as soon as students get through with the two compulsory years they quit.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. I have taken all the schools in the United States, the elective and the compulsory—every one of them—and here is a summation:

Total enrolled in the compulsory units, 71,273; in the elective, 10,783.

Basic: Compulsory, 61,000 plus; elective, 8,000 plus.

Advanced: Compulsory, 9,589; elective, 2,957.

Commissioned in the reserves, 3,238 from the elective and 1,037 from the compulsory.

Total graduating from the compulsory, 3,869; graduating from the elective, 1,134.

This means that in compulsory units there is 1 advanced student to every 6.75 students and 1 reserve officer to every 17.44 basic students.

In the elective, 1 advanced student to every 3.77, as against 6.75 for the compulsory units, and 1 reserve officer in the elective to 7.89, as against 17.44 in the compulsory.

The reason for this is not hard to understand. These boys go in in their freshman year, against their will in many cases. They are antagonistic at the outset, and there are phases of the training they do not like and that ruffles them. The consequence is that when they reach their junior year they quit. On the other hand, if a boy starts in as a freshman, elective, his pride and interest keep him going, and he finally graduates and becomes a reserve officer.

This matter was fully treated, I may say to the House, in the Coast Artillery Journal of November-December, 1931, by a professor of military tactics, a Regular Army man, who has an article in this publication. He is in the Reserve Officers' Training Corps work, and, among other things, says that the Reserve Officers' Training Corps in the schools and colleges of this country must be reorganized and made elective if we are to continue to have an adequate number of reserve officers in this country. He states:

Compulsion is not the spirit of the age. So it is doubtful if the board of trustees of any college is conferring any great boon upon this department by requiring this training.

After this article was written, it was submitted to two other officers in the Army, also engaged in Reserve Officers' Training Corps work, and one of the other officers makes this statement. I want to read you from both of them if I have the time:



The question of the advisability of basic-course credit for prior military training does not warrant much discussion at this time, since such credit is not permissible under the national defense act. The question at issue is a matter of law—

And so forth—

\* \* \* Except in those institutions which are essentially military in character and which are conducted strictly as military schools, compulsion has no place in peace-time military training in the United States.

He winds up his article by saying that we must make this training elective in the schools and colleges of the country if we are to provide our Organized Reserves with an adequate number of officers.

Mr. Chairman, as I stated at the beginning of my remarks, this matter was before the House in connection with the War Department appropriation bill for the present fiscal year, and on January 15, 1931, in discussing the proposition to abolish compulsory military training in our schools and colleges, the gentleman from Main [Mr. BEEDY] addressed the House in support of the proposition. As usual, his remarks were clear and forceful, and they are as pertinent to-day as they were then. I shall take the time to read them. I read from page 2268 of the CONGRESSIONAL RECORD of January 15, 1931:

Mr. BEEDY. \* \* \* Mr. Chairman and members of the committee, I think this amendment offered by the gentleman from New York raises a question of importance as broad and far-reaching as that of any which has been presented to this House for a long time.

The gentleman from California has read an extended list of colleges where compulsory military training is part of the program and has frankly stated that unless, between now and the 1st day of next July, those colleges change what is now a compulsory military training to an elective system of training, they can not participate in any of the appropriations herein proposed to be made.

This does not leave the choice with the individual student in these colleges. There is many a boy who wants to go to the college that is near his home, accessible and available. He may not want to take military training, but he must go to this particular college and there he finds that military training is compulsory. He takes it. He is obliged to take it.

Now, do we want to commit this Congress to a policy of compulsory military training of the youth of America? This is the question you and I must answer right now on the vote on this amendment.

This Nation of ours has asked Europe to accept the Kellogg peace pact. We pose as a nation which throws its vast influence in the scales for peace.

Are you going to permit the nations abroad, when they are figuring out what they are going to do in the way of military preparation—and there is so much military preparation abroad for the next war—are you going to allow them to point their finger at us and say, "In the debate in the United States House of Representatives recently Congress committed itself to a policy of compulsory military training and forbade any institution of learning to participate in a dollar of appropriation unless they had compulsory military training"? I tell you, my friends, I want to get this thought before this House: Just as long as we are bringing our boys up in a military training, dressing them up in uniform, adding glory to all the preparations of war, breeding the psychology of war in the coming generation, we are following a course utterly inconsistent with a peace program. [Applause.]

I am not a pacifist. I believe in the national defense act. I believe in proper training of men that we may be ready in the time of emergency to act in defense of what is right and just. But I am opposed to legislation which, to say the least, encourages the appropriation of the general funds for the benefit of educational institutions which adhere to a system of compulsory military training. [Applause.]

I hope, Mr. Chairman, the amendment of the gentleman from California [Mr. BARBOUR] will not prevail. I maintain, and I think my position is amply supported by the comparative figures I have presented, that we will be able to get more reserve officers if we confine our aid to those educational institutions which leave to students the election of military training.

Mr. HARLAN. Mr. Chairman, it is with regret that I can not follow the distinguished gentleman on this particular proposition; and while I could possibly agree with everything the gentleman from Mississippi just said, still I should disagree with the proposal of the committee. If we concede that the elective courses do produce more officers, that is still a proposition for the schools to determine and not a policy for Congress to adopt and impose on our colleges. That is the most pernicious proposition of all the pro-

visions in the bill; it decreases the independence of our institutions of learning.

I can not, however, agree with the gentleman who has just spoken, that the production of officers is the only purpose of military training. For men who take this course for two years, and do not become officers, they absorb a certain amount of military knowledge, of citizenship, and of power to act as a unit in teamwork that afterwards will be valuable to them and to the country.

Of course, it is natural that in institutions and schools where military training is elective there would be a higher percentage of men going in and becoming officers, because they are primarily interested in military training. Nevertheless, we must remember that military training is not an individual matter—we must have groups. They must work together, and you can not do it by individual training alone. In many small schools to make such training voluntary would defeat it entirely, thus depriving some of this training who are entitled to it.

Mr. DALLINGER. Will the gentleman yield?

Mr. HARLAN. I yield.

Mr. DALLINGER. Is it not a fact that these men in schools that have military training, even if they do not elect to go farther, become noncommissioned reserve officers?

Mr. HARLAN. Yes; I was about to discuss that. Under the provisions of the law under which many land-grant schools are operating they must have military training; and if we inject this provision into the appropriations now, it will probably mean that a good many of these schools will not be able to go on with the military work at all. The bill also provides for schools that are not essentially military—and there are a number of schools throughout the country that operate under the name of military colleges and still offer regular courses—and there questions would arise. There is one such school in my district, and the president wrote to me asking in what category it would come. That is a question that would be very difficult to determine, and I feel there is no need at this time of injecting into an appropriation bill the additional proposition that will help no one, and will save no money, but simply disturb our educational institutions. [Applause.]

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and amendments thereto close in 10 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Mississippi.

The motion was agreed to.

Mr. TABER. Mr. Chairman, I am in favor of this amendment. I believe this provision placed in the bill is going to be a serious embarrassment to our reserves throughout the Reserve Officers' Training Corps system. It provides, so that you may all have it in your minds, that no funds shall be used under this act for the maintenance of any of the Reserve Officers' Training Corps activities in any school, unless the authorities of that school say that their students shall elect whether or not they shall take this Reserve Officers' Training Corps training.

To my mind, that is a very bad practice for the Federal Government, regardless of anything else. I do not believe that the Federal Government should lay down the manner in which the schools and colleges should be run. I think the managers of the schools and colleges are competent to run their own business; and this means 42,000 boys in the high schools, 70,000 in junior work, and thirteen or fourteen thousand in senior work. I think the managers of these schools and colleges and the parents of the boys in the high schools are competent to say whether or not that work should be elective in any particular school. It does not cost a cent more to have this provision stricken out. It is simply a restrictive provision attempting to stick our nose into something I do not think we ought to stick our nose into.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. OLIVER of Alabama. I am in full accord with the views expressed by the gentleman, and he will recall that



members of the subcommittee in charge of appropriations for the Navy have never given any favorable consideration to a proposal of this kind.

Mr. TABER. We have never because we do not believe the Federal Government ought to go into the fundamentals of education. Let us adopt this amendment and put the bill through the way it ought to be.

Mr. LaGUARDIA. Mr. Chairman, whether you call it education or State rights, let us call it by its proper name—compulsory military training.

Mr. BARBOUR. Oh, no.

Mr. LaGUARDIA. Oh, yes.

That is all it is. If this House is for compulsory military training, then you are justified in supporting the amendment. If it were not for that, we would not be discussing the subject. If there is one thing that we have announced to the whole world, if there is one thing that induced this country to go to war, it was the idea and principle against compulsory military service.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. In a moment. The gentleman says we should not interfere with the schools. I agree with that. Let us take the appropriations away and we will see how much compulsory military training there will be in some of these schools.

Mr. TABER. Should not the National Government provide for national defense?

Mr. LaGUARDIA. Yes. But do not talk about national defense in connection with compulsory military training. You take these youngsters and compel them to take military training. If the gentleman from New York says that he does not want to interfere with the school curriculum, then I say let us not appropriate and we will see how many schools will have compulsory military training—and that is all it is. Let us call it by its right name.

Mr. BACON. How can you call it compulsory training when the boy does not have to go to one of these colleges? He can choose another college that does not have it.

Mr. LaGUARDIA. If there is a free college in his State, I say that he has a right to go to that college without becoming a part-time soldier.

Mr. BACON. But there is more than one in each State.

Mr. LaGUARDIA. And all this talk about its costing nothing is ridiculous. If it does not cost anything, why is it in an appropriation bill. The gentleman knows that it costs the Federal Government on the average \$108 each student per year. The gentleman knows this training in colleges costs money and that is why we are discussing it now in the consideration of the Army appropriation bill.

Mr. TABER. It does not cost any more than it would if this provision is thrown out, because the money could be used in some other place.

Mr. LaGUARDIA. Oh, the gentleman is right about that; the Army would find some other way to spend it. The gentleman is on the Appropriations Committee, and he stands here and says that regardless of what we do the money will be spent. I do not approve any such thing. If we only appropriate for military training, where the student could elect to take it or not, there would be a great saving. It costs us on the average \$108 a year. Let us not be hypocritical about this thing. It means taking boys who are compelled to go to certain colleges in their States, which they have a right to do, putting a rifle in their hands and a uniform on their backs and saying, just as the former Kaiser of Germany said to his boys, you must take this military training.

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. I am sorry I can not. The gentleman from Mississippi [Mr. COLLINS] pointed out that it is not producing reserve officers, and that is the test of your compulsory training. It is not producing reserve officers, and that is the reason that the Army goes to the colleges and offers military training. But I fear you gentlemen have something else in mind.

Mr. UNDERHILL. Mr. Chairman, will the gentleman yield?

Mr. LaGUARDIA. I can not yield. I have not the time. I do not see why we should have all this agitation and this assumed innocence that we have no compulsory military training, trying to palm it off on the schools, when we are right here appropriating several million dollars for this one purpose. I do not care what you call it; that is all it is. Anyone has a right to believe differently. I am not criticizing any Member who thinks differently. I believe in voluntary military training, to be frank about it. Do not take the floor and talk about local school autonomy when all it is is compulsory military training.

Mr. ROGERS. Mr. Chairman, I have received a telegram from one of the foremost citizens in New Hampshire, the president of the University of New Hampshire, a land-grant college, in which he says:

Let me urge your earnest consideration of Reserve Officers' Training Corps support as conducted at this and other land-grant institutions.

Mr. Chairman, it is a fact that two years' compulsory military training are required in that institution; and in this day when the United States ranks seventeenth among the nations of the world in its standing in military arms and equipment, it seems to me we ought not to go further in this House in crippling the legitimate arms of defense which we now have. I hope that the provision in the bill as originally written and reported to this House will not prevail, and that the amendment submitted will be favorably acted upon by the Members of this House.

Mr. PETTENGILL. Mr. Chairman, I want to call attention to the language of the Morrill Act of 1883, under which the land-grant colleges got their money from the sale of the public domain. That provides that the money shall go to colleges, and so forth—

Where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and the mechanic arts, in such manner as the legislatures of the States may respectively prescribe.

Consequently in that act we gave the legislatures of New Hampshire and other States of the Union, the right to say whether they would make military tactics compulsory or elective, and I do not feel that in an appropriation bill we should attempt to go against the clear intent of the Morrill Act of 1883. [Applause.]

The CHAIRMAN. All time has expired.

In view of the fact that the gentleman from California modified his amendment, without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again reported the modified amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California [Mr. BARBOUR].

The amendment was agreed to.

The Clerk read as follows:

#### MILITARY SUPPLIES AND EQUIPMENT FOR SCHOOLS AND COLLEGES

For the procurement and issue as provided in section 55c of the act approved June 4, 1920 (U. S. C., title 10, sec. 1180), and in section 1225, Revised Statutes, as amended, under such regulations as may be prescribed by the Secretary of War, to schools and colleges, other than those provided for in section 40 of the act above referred to, of such arms, tentage, and equipment, and of ammunition, targets, and target materials, including the transporting of same, and the overhauling and repair of articles issued, as the Secretary of War shall deem necessary for proper military training in said schools and colleges, \$8,900.

Mr. BARBOUR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. BARBOUR: Page 61, after line 2, insert a new paragraph, as follows:

#### "CITIZENS' MILITARY TRAINING CAMPS

"For furnishing, at the expense of the United States, to warrant officers, enlisted men, and civilians attending training camps maintained under the provisions of section 47d of the national defense act of June 3, 1916, as amended (U. S. C., title 10, sec. 442), uniforms, including altering, fitting, washing, and cleaning when necessary, subsistence, or subsistence allowances, and transportation, or transportation allowances, as prescribed in said section



47d, as amended; for such expenditures as are authorized by said section 47d as may be necessary for the establishment and maintenance of said camps, including recruiting and advertising therefor, and the cost of maintenance, repair, and operation of passenger-carrying vehicles; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for gymnasium and athletic supplies (not exceeding \$20,000); for mileage, reimbursement of traveling expenses, or allowance in lieu thereof as authorized by law, for officers of the Regular Army and Organized Reserves traveling on duty in connection with citizens' military training camps; for purchase of training manuals, including Government publications and blank forms; for medical and hospital treatment, subsistence, and transportation, in case of injury in line of duty, of members of the citizens' military training camps and for transportation and burial of remains of any such members who die while undergoing training or hospital treatment, as provided in the act of April 26, 1928 (U. S. C., Supp. V, title 10, secs. 454, 455); in all, \$2,603,624: *Provided*, That the funds herein appropriated shall not be used for the training of any person in the first year or lowest course, who shall have reached his twenty-fourth birthday before the date of enrollment: *Provided further*, That none of the funds appropriated elsewhere in this act except for printing and binding and for pay and allowances of officers and enlisted men of the Regular Army shall be used for expenses in connection with citizens' military training camps: *Provided further*, That uniforms and other equipment or matériel furnished in accordance with law for use at citizens' military training camps shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or matériel furnished in accordance with law for use at citizens' military training camps from stocks under control of the War Department be in excess of the price current at the time the issue is made."

Mr. BARBOUR. Mr. Chairman, I just want to state to the members of the committee, so that they will understand the proposition, that this is an amendment which will restore the citizens' military training camps. The language of the amendment that has just been read is taken from the War Department appropriation bill in effect at the present time; so that it would restore the citizens' military training camps to the same status in which they exist at this time.

It calls for the addition of \$2,603,624 to the bill, and would restore the amount that was carried in the Budget estimate.

I assume that all of the Members know what the citizens' military training camps are. I do not want to take any time to discuss the matter. I believe every Member knows whether he wishes to continue these camps or not.

Mr. BRITTEN. Will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. BRITTEN. Do I understand that the two million and odd dollars provided in the gentleman's amendment is the amount requested by the Bureau of the Budget, which, of course, is tantamount to a request from the Government itself?

Mr. BARBOUR. That was the amount that was in the Budget when it came to Congress last December.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. HASTINGS. How much does the series of amendments offered by the gentleman from California increase the bill over the amount it contained as reported from the committee?

Mr. BARBOUR. Including this one?

Mr. HASTINGS. Including this one.

Mr. BARBOUR. And not including the amendment with reference to the 2,000 officers which was not agreed to?

Mr. HASTINGS. No; not including that amendment.

Mr. BARBOUR. In round figures, it would be something like \$5,800,000.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. I yield.

Mr. KETCHAM. Will the gentleman say how this compares with the amount appropriated last year for the same purpose?

Mr. BARBOUR. I understand it would be about \$175,000 less than was appropriated for this purpose last year.

Mr. COLLINS. Mr. Chairman, I do not see any use in the Congress of the United States providing for the expenditure of money just because it has the power so to do, and that is about what we are doing here to-day amounts to.

All of the testimony this Congress has before it to-day is adverse to this activity, all of it. Let us see what General Summerall said about this activity in his final report to the Secretary of War.

Mr. BEEDY. What is the date of that, please?

Mr. COLLINS. I am reading from the report of the Secretary of War for the fiscal year ended June 30, 1930, at page 153:

From what has been said it is apparent that the camps do not directly serve to promote any military objective. The chief benefit to the Army lies in the increased confidence in its personnel on the part of the civilian population which has followed from the many contacts incident to the conduct of the camps.

Are we going to vote money out of the Treasury of the United States for a military activity that the former Chief of Staff of the United States Army says has no value?

Mr. BALDRIGE. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Will the gentleman yield?

Mr. COLLINS. I do not yield.

Let us go further. Right up yonder in this gallery sits The Adjutant General of the United States Army, General Bridges. He is an excellent officer and a fine gentleman, and we may place complete dependence in what he tells us. General Bridges was asked:

Do you not think that in a time of depression like this you could very well dispense with this activity for one year without doing any harm?

General Bridges. I think it might possibly be dispensed with for one year, or possibly two years, without any great amount of harm.

That quotation will be found on page 849 of the hearings.

That gentleman right up yonder is in charge of this activity in the War Department. His judgment on this question is better than ours. Are we going to blindly follow the importunities of some interested party? I want to say to you that there are something like 507,000 people scattered throughout these United States who are getting pay in one form or another out of this bill.

Furthermore, let me reiterate that this bill, as it came from the Committee on Appropriations, did not eliminate a single human being from the United States Army, all statements to the contrary notwithstanding. I want to say further to you that this bill as it came from the committee carries the largest outlay of any military budget in the world to-day.

Let us not stop there. Mr. Chairman, I have received over a hundred letters from Regular Army officers. Here is one from a lieutenant colonel in the United States Army engaged in Reserve Officers' Training Corps work, by the way:

The War Department appropriation bill is a dandy. Stand by your guns. You will have a difficult job with all the "imperiling the Nation" and "ruining our Army" and other bunk that will be spread over the landscape during the debate.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS. I continue reading from the letter:

I see no reason why the Army can not bear its share of rehabilitation of our national finances, even though it hurts us all. I read the bill carefully and find nothing therein that will "imperil our national defense" to the slightest degree. You could easily have gone further to the extent of suspending all our service schools for at least two years and thus saved considerable mileage, etc. I \* \* \* know whereof I speak. I hope that the citizens' military training camps will be permanently eliminated.

Let me say here that the committee never intended permanently to eliminate them. Our proposition is to suspend them only for one year.

They are a damned nuisance and don't return 10 cents on the dollar to the Federal Government. Just have the War Depart-



ment give you the data as to how many officers have been commissioned from these camps into the Reserve Corps in the past five years. I believe the Reserve Officers' Training Corps is worth while, but its activities can easily be suspended for a year or more without serious damage to the service.

So I am giving you all the encouragement that I can and hope that it will go through without serious amendment.

Am serving my thirty-second year in the Regular Army . . . .  
I try to be a good citizen first and an Army officer afterwards. No reason why the two should not be synonymous. Good luck to you.

That bears the signature, gentlemen, of a lieutenant colonel.

Now, then, Mr. Chairman, we have been carrying on this activity for 11 years. Do you know the cost of it?

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS. During this time we have spent over \$30,000,000 on this activity. We have gotten out of it 1,440 officers. We have trained nearly 300,000 boys, of whom to-day but 1,440 hold commissions in the Officers' Reserve Corps. Do you know what each of those officers has cost this Government? Over \$16,000 apiece, and if you will add to that the pay and perquisites of the Regular Army instructors, each and every one of them has cost around \$26,000 apiece. That amount is twice as much as it costs to send a boy through West Point or the Naval Academy. The purpose of both of those schools is to provide officers for the Army and Navy of this Government of ours. It seems to me that since the purpose of the citizens' military training camps likewise is to provide officers for our Army, if we want to proceed in an economical way, we ought to look to West Point for reserve-officer material as well.

I am just as serious as any person in this Chamber in my efforts to provide this country with adequate national defense. I believe I have devoted more study to the subject, certainly as much as any other man in this House, and it is my firm conviction that no sincere advocate of national defense need offer an apology to anyone in joining the committee in suspending the civilian training camps during the coming fiscal year.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. MARTIN of Oregon. Mr. Chairman, my distinguished colleague [Mr. COLLINS] has been quoting authorities to you. I will quote some. I was Assistant Chief of Staff under General Pershing for several years, and during that time among my other activities I had charge of the citizens' military training camps. I want to tell you gentlemen that in our whole military training nothing, nothing was so near his heart as these citizens' military training camps. That is my first authority. He was so interested during the recruiting of these camps that every day in the life of that busy man he used to send for me and talk over these matters. He was so enthusiastic.

Now, I will quote another authority, a former Member of this House, old Dan Anthony, God bless his memory. All of you men interested in military matters remember him. Anthony has told me repeatedly that he thought no expenditures in the War Department brought the dividends in military training that these citizens' military training camps brought.

Now, these civilian military training camps were of great value during the World War. In those camps we trained 46,000 young officers, who were the leaders in that war. It would be fortunate for this country if to-day we had 100,000 boys every year in these camps.

I was very much impressed by reading an article written by the warden of Sing Sing Prison. He said that prison was overcrowded with boys, and that is true, I think, of every other prison we have in this country. The age of criminals is lowering all the time and conditions might be different in the prisons if every summer we could bring more

boys into these training camps and subject them to this fine training. These boys receive the same training in all of the camps maintained by the Government, from Maine to the Gulf and from Minnesota to Texas. What a fine thing it would be if we could train more boys in these military training camps.

You might be interested to know that the highest praise I ever heard with respect to these military training camps came from the late Col. William J. Bryan. My friend, Col. Dan Morgan Smith, was visiting Colonel Bryan at Miami. Bryan took him for a ride in an automobile and got lost. As they were driving over a road, completely lost, they saw one of these typical Florida boys running down the road. When they caught up to him they stopped the machine, and that farmer boy whirled around and looked those great men in the face. They told him the predicament they were in, and in a few well-chosen words he told them their way back home. Before they drove on Dan Morgan Smith said to this boy, "What military training camp did you go to last summer?" He said, "Anniston," and he said, "I am going to the rest of them, too." They drove on, and Bryan said to Dan Morgan Smith, "How did you know that boy was a soldier?" He said, "Well, you ought to realize, Colonel, that he was a soldier by the way he spoke to us; how when we spoke to him he turned around, straightened up his shoulders, and looked us right in the eye, and how quickly and plainly he told us how to get back home." He said, "Under ordinary circumstances, one of these Florida country boys would have just directed us, but not in the way this boy did." That was the result of training received in these camps.

Then Bryan, facing facts as they are, said, "Why in the world do you call them military training camps? Why not give them some name that will take that despised military term away from them? Why not call them Turnverein camps?"

Mr. FISH. Mr. Chairman, some of the gentlemen in speaking to-day have claimed that there has been a great deal of propaganda addressed to Members of Congress in behalf of the Officers' Reserve Corps, the citizens' military training camps, and the Reserve Officers' Training Corps and national defense. There is not one-tenth of the propaganda directed to Congress in behalf of national defense that there is by professional pacifists and ultrapacifists in this country to cripple and break down the national defense, including the citizens' military training camps. [Applause.]

I have no quarrel with my friend from Mississippi, the chairman of the subcommittee. The gentleman, however, admits he knows more about national defense than any other Member of the House, but he does not know, I submit, or have the faintest conception of what the citizens' military training camps are, and I will prove this by his own statement as printed in the hearings.

In asking questions of General Bridges, whom he has just quoted, he said, "Do you use wooden guns in this activity?" "No, sir." "Do you use real guns?" "Yes, sir."

He was asking The Adjutant General of the Army what kind of guns they used at the citizens' military training camps. There are 53 of these camps in America and the gentleman's committee has been appropriating \$95,000 a year for ammunition for these very guns. These camps have been in existence for 10 years and yet the chairman of the subcommittee does not know that they use real ammunition and real guns in every one of the 53 camps.

I want the Members to realize, although they probably all know it, that these camps are scattered all over the country and offer to the youth of America a high order of military training and instruction.

Mr. COLLINS. Will the gentleman yield?

Mr. FISH. I yield, but I only have five minutes.

Mr. COLLINS. They have taken the daily practice out of this work and they now use .22 rifles.

Mr. FISH. In the camps I know about they have been using for the last 10 years Regular Army rifles to shoot at regulation distances on modern target ranges under the



most expert instructors we have in the Army. The officers that are chosen from the Regular Army to go to these citizens' military training camps are the picked officers of the Army. They are sent to these camps because of their character, their military knowledge, and their ability to train the youth of America, and in 30 days instruct them in the fundamentals of military discipline and training.

What is the reason for these citizens' military training camps? Not necessarily to make reserve officers, but to take the place of conscription which is the system in practically all the foreign nations of the old world where they have compulsory military training. We have adopted a democratic system of voluntary training for the youth of America in order to build up a reserve force as a part of our national defense. France has 4,000,000 in the reserve, Russia has 5,000,000 in her reserve, and Italy has 2,500,000. We are endeavoring to build up a reserve force through the Officers' Reserve Corps, the Reserve Officers' Training Corps, and the citizens' military training camps, and we have now some 250,000 young boys who, during the last 10 years, have undergone a month or more of military training and prepared to act as a reserve and are eligible to be called out for national-defense purposes in case of an emergency.

Mr. McCORMACK. Will the gentleman yield?

Mr. FISH. Yes; I yield.

Mr. McCORMACK. I simply want to advise the gentleman that as of April 30 there are 91,095 applications for these camps and there are 38,264 that have been notified.

Mr. FISH. That just shows the popularity of this voluntary democratic and inexpensive system of national defense. And last year also there were twice as many applications to go to these camps than we could take care of.

These boys do not necessarily become officers, but they do constitute a part of our trained reserve and help build up our national defense. [Applause.]

I do not think that it is fair to General Bridges to permit the statement assigned to him to remain in the Record unchallenged and without proper modifications. General Bridges believes in the civilian military training camps and has repeatedly said so. In the hearings before the subcommittee on appropriations General Bridges stated in reply to a question by Mr. COLLINS:

I would not say that any one of the activities carried on by the War Department is useless. In the event of a suspension of one or more of their activities I think the citizens' military training camp might be placed fairly high in the order of priority.

And he goes on to commend voluntary military training as part of our system of national defense.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the debate be extended five minutes so as to give the gentleman from Nebraska [Mr. BALDRIGE] an opportunity to speak.

Mr. GOSS. Mr. Chairman, reserving the right to object, would not the gentleman extend it 10 minutes?

Mr. COLLINS. No. There are five minutes remaining, and I am submitting this request in order to give the gentleman from Nebraska an opportunity to speak.

Mr. GOSS. Who will be recognized for the remaining five minutes?

Mr. COLLINS. I have the right to close the debate.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BALDRIGE. Mr. Chairman, the gentleman from Mississippi [Mr. COLLINS] and myself feel differently about this matter, and, feeling as strongly as we do about it, we are apt to have a few words on the floor here; however, I am sure there is nothing personal in the argument.

The real truth came out in the last speech of the gentleman from Mississippi [Mr. COLLINS]. We have been given the impression that we would lose our citizens' military training camps under the bill for just one year. They have said that this is a temporary proposition and that we certainly can give it up for one year; and then the gentleman started his speech by quoting an article and a statement

made by General Summerall, and the thought carried through the entire speech was to the effect that the citizens' military training camps are absolutely useless and a waste of money. I am afraid that as long as the gentleman from Mississippi [Mr. COLLINS] is chairman of this subcommittee, if we ever lose the citizens' military training camps for one year, we never in the world will get them back. [Applause.]

And, gentlemen, that would be a tragedy.

There is an interesting thing to me during this debate. Every ex-service man who has spoken has been up here battling for national defense, except one, and that is the gentleman from New York [Mr. LA GUARDIA]. I do not know well the district that he comes from, for I have never been there and do not know how his people feel. He served in the aviation service with distinction, but a man who is in the aviation service is not impressed with the idea of the value of the citizens' military training camps. He can not appreciate the tremendous help experienced noncommissioned officers are the same as a man who serves with troops does.

Mr. COLLINS. I was wondering if the gentleman did not know that the aviation service is in the line.

Mr. BALDRIGE. I said service with the troops. The citizens' training camps do not mean officers alone.

If a crisis came immediately, a million men would be in the field, and we only have 10,000 Regular officers. We have to rely on reserve officers, but that is not sufficient to train a large army.

Mr. UNDERHILL. Will the gentleman yield?

Mr. BALDRIGE. I yield.

Mr. UNDERHILL. Will not the gentleman give us something with reference to the value of these citizens' training camps in the way of patriotism from the standpoint not of militarism but good health, efficiency, and good citizenship.

Mr. BALDRIGE. I will if I have the time; that is an important part of the training. But let me finish this line of thought. Now, if we can have the service of the sergeants and corporals and men who have had experience in these training camps, inexperienced troops can be whipped into shape in two or three months, and that means success, and if we do not have those trained sergeants and corporals, it means failure and disaster. That is what national defense means.

Our national-defense system is this: Sufficient training for our citizens, coupled with the Regular Army large enough to expand into a skeleton to command a large army.

I know what the citizens' training camps mean. I have been in them myself. We ought not to lose them for one year, because if we do I fear they are gone forever.

Now, in answer to the gentleman from Massachusetts, these boys spend their time in these camps with Army officers. They are taught under Regular Army officers to be honest, loyal, obedient, and efficient, and leave better citizens by far. However, I do not talk about that, because the important thing to me is that they stand for national defense, and that is the greatest value of the camps to this country. [Applause.]

Mr. Chairman, under the leave to extend my remarks in the Record, I include the following radio address delivered over the radio by my colleague, the gentleman from Connecticut [Mr. GOSS], May 12, 1932:

#### NATIONAL DEFENSE

In proceeding to analyze the effects of the proposed Army appropriation bill upon national defense, it is well to remember that the basis of preparedness for land defense is trained man power. In this regard the Army is fundamentally different from the Navy. In the forces afloat the plant—that is, ships—is the basis, but with the Army it is trained man power, the plant and all else being auxiliary.

The progress made in the so-called "mechanization of warfare" does not alter the truth of the statement I have just made. The report of the President's Aircraft Board, of which the late Dwight Morrow was chairman, was submitted to Congress in 1925. It contained the following interesting statement:

"The late war taught us again that man can not make a machine stronger than the spirit of man."

Moreover, we must not think of this mechanical trend as an essentially modern phenomenon. In no channel of human effort,



from the very beginning of history, has the ingenuity and energy of man been directed with greater effect than in the waging of war. To enhance his efficiency in combat primitive man early discarded the bludgeon in favor of thrusting and cutting weapons made of flint and stone. Bronze swords and spears next made their appearance. By the beginning of recorded history the war chariot was evolved and, with the war elephant of a later period, became the prototypes of the modern tank. The catapult was the forerunner of the siege gun of to-day. The armored knight, the crossbow, and the long bow each had their turn in dominating the character of combat. Finally, gunpowder found a utilization through the design of the crude blunderbuss and the clumsy lombard. Continuous improvement in these produced the powerful artillery and machine guns we know to-day. During the present century the airplane was invented and was adapted for use by armies operating in the field. Developments in the tank and in gas appliances have increased the effectiveness of these particular weapons under situations in which they can be used.

But none of these mechanical devices has displaced man as the basis of an efficient army. They have enhanced the power and effectiveness of the trained individual and increased the importance of training, for, manifestly, as weapons become more and more complicated in design and construction a higher degree of training is necessary in order to use them efficiently. Moreover, with the advance of civilization the greater portion of our population has lost its one-time familiarity with weapons of the chase, and no more do the daily lives of great sections of our people simulate the conditions of an army in the field. Thus we have grown more and more dependent upon a group of experts to impart to us the necessary instruction, the military training, that we must master before we are capable of taking position in the ranks of an army defending the country. So I repeat that man, not the weapon, is the dominating influence on the battlefield, and that training is more important than ever before in producing military effectiveness.

Thus it is obvious that training of selected portions of our population, including, of course, its own personnel, is one of the most vital functions of our peace-time Army. As a consequence, I shall speak principally of the effects that certain proposals in the Army appropriation bill will have upon the capacity and ability of the Army to impart to these portions of the civilian population that modicum of military training provided for in the national defense act of 1920.

The intent and import of that act I give in the words of Gen. Douglas MacArthur, present Chief of Staff of our Army, and an officer whose brilliant record before, during, and since the World War entitles his opinion to the utmost respect and attention. As a successful leader of troops in many of our greatest battles of the war, he is thoroughly familiar with the organizational and training needs of a field army. I quote from a recent letter he wrote:

"Prior to 1920 there existed in the world only two general systems under which peace-time military forces were organized and maintained. The basis of one was the conscript; of the other, it was the professionalized soldier. The former afforded the maximum of defense with the minimum of cost, but prescribed as a civic duty service with the colors. The latter depended exclusively upon the enrollment of those who adopted the military as a professional career. It entailed abnormal costs, due to the necessity of reimbursing along professional lines the personnel involved. For this reason no nation has been able in modern times to maintain a professional army of sufficient size to insure complete protection.

"In the national defense act of 1920 a new type of military system was devised and established. Through it, for the first time in American history, practical success was attained in adjusting military preparation to our national needs. Every essential provision of that act exemplifies this Nation's purely defensive intent. It conforms to the American tradition of permitting in time of peace only voluntary service in our armed forces and of placing ultimate responsibility for defense upon a citizen soldiery. Finally, it gives assurance of reasonable security at moderate cost.

"The principal elements of the American system are two. The first is a small professional force to act as a training cadre—a covering force in case of need and a framework upon which mobilization of our full force could be effected. The second essential element is a partially developed organization of citizen soldiers divided into a National Guard and various classifications of reserve and other groupments, backed by a continuous program of limited military training for these elements in time of peace.

"Our small Regular Army would be impotent through its own unaided efforts to defend this Nation against powerful and sustained attack. Likewise, an unorganized and untrained population would be tragically helpless in the face of highly organized and trained units. The two parts of the system thus articulate with and complement each other to insure that America's enormous latent strength would not be dissipated through hostile action before it could be harnessed into a powerful military machine.

"The Regular Army is the bulwark and basis of the whole structure. It is the instructor, the model, and, in emergency, the leader of the whole. The only continuing body in which resides the professional knowledge and technical skill capable of accumulating, organizing, training, and leading to victory a national army of citizen soldiers is the professional officer corps. Constantly they concern themselves with the mobilization plans for personnel and matériel necessary in a great emergency and make every practicable prearrangement for the successful operation of these plans should need arise.

"Commissioned personnel of the citizen components supplement the corps of Regulars; they give generously and patriotically of their time and effort in peace so that, as the numerically preponderant mass of the officers in an emergency Army, they may function promptly and effectively. But their devotion and their efforts in this preparation would be wasted without the efficient guidance of their mentor—the Regular officer. Through schools, study, research, and practical training, the Regulars devote their lives to keeping abreast of the times in complicated and rapidly changing arts and sciences, and within the limits imposed by available opportunity impart the results to the officers of the citizen components.

"So I repeat that in the last analysis our whole defensive system rests upon the efficient performance of a corps of Regular officers, sufficient in strength to carry out the vitally essential duties imposed upon it by the act of 1920. In the interests of economy the strength of the professional force was fixed at the minimum considered by Congress in 1920 to be consistent with safety—namely, 18,000 officers and 285,000 enlisted men. During the past decade this strength has been progressively decreased until to-day it stands at approximately 12,000 officers and 125,000 men."

Repeated studies made in the War Department have demonstrated over and over again that the minimum strength of peacetime forces at which reasonable guaranty can be given for the attainment of the objectives of the national defense act approximates 14,000 officers and 165,000 men.

In spite of the fact that existing forces are far below these figures, the bill now before Congress contains as one of its most drastic provisions the immediate elimination of 2,000 officers from the active list.

The claim has been made that such action would not weaken the national defense simply because for a few years more these 2,000 officers would remain available in case of need. Could any argument be more absurd? Under existing law when a member of our 12,000 officers is removed by death, disability, or age, his place is taken by a second lieutenant, who begins to tread the path of experience and training his predecessor has followed before him. The eventual effect of every permanent reduction in existing strength is nothing less than further depletion in an already weakened corps of expert instructors and leaders. And this, as I said before, is a direct blow at national defense.

To-day some of our officers are serving with troops in foreign stations—stations of vast strategical importance in our defensive system. Others—about 24 per cent only—are serving with troops in the United States; still others are going to the several Army schools in order to keep abreast of rapid changes in the complicated art and science of war. Large numbers of them serve with the Reserve Officers' Training Corps; others with the National Guard; and still others with the Organized Reserve Corps. In addition to all this, the Army's technical services, such as the Ordnance, Engineers, Quartermaster Corps, and Medical and Signal Corps, each demands and utilizes a portion of our officer personnel. Every one of these essential activities is underofficered and undermanned. Elimination of one or more of these activities would destroy the basic form of our national-defense program. This would not be economy, but destructive extravagance of the most vicious kind. Yet this is exactly what would happen if an additional 2,000 officers were lopped off the active list.

In each of these officers the United States has a large investment and a deep interest.

"Skilled officers, like all other professional men, are products of continuous and laborious study, training, and experience. There is no short cut to the peculiar type of knowledge and ability they must possess. Trained officers constitute the most vitally essential element in modern war, and the only one that under no circumstances can be improvised or extemporized.

"An army can live on short rations, it can be insufficiently clothed and housed, it can even be poorly armed and equipped, but in action it is doomed to destruction without the trained and adequate leadership of officers. An efficient and sufficient corps of officers means the difference between victory and defeat."

This matter of officer reduction is directly connected with another drastic provision of the bill, namely, the elimination of active-duty training for reserve officers, of the Reserve Officers' Training Corps camps, and the citizens' military training camps. The modest civilian-training program carried on under the guidance of the Regular Army is certainly little enough to do in preparation of a portion of our population for a possible future emergency. On the average an officer of the Reserve Corps receives one 2-week tour of active training every four or five years. The Reserve Officers' Training Corps, from which reserve officers are recruited, and the citizens' military training camps, from the graduates of which the noncommissioned officer of a future national army would largely come, are so well known that no description of them seems necessary. Their whole purpose is to provide and maintain a nucleus of partially trained personnel in order that mobilization, after the declaration by Congress of a national emergency, could be carried out without unreasonable delay. By no stretch of the imagination could this modest program be cited as evidence of a militaristic attitude on our part. It is just the opposite.

Military preparation that envisions the practicability of striking hard and fast in a crisis must provide for instantaneous mobilization of a strong military force. Our system deliberately provides for a delay of several months between the declaration of an emergency and the time when an army of any size would be ready to take the field. Our system exemplifies our nonaggressive atti-



tude—but it does make reasonable preparation to defend ourselves. Furthermore, as responsible authorities have pointed out again and again, the present strength of our land forces is already below the minimum considered necessary to make fully effective the essentials of this system.

Now let us get down to facts of money and of strength. Congress appropriated last year for military activity approximately \$333,000,000. In submitting its estimates for the current year the War Department budget reduced the foregoing sum by \$38,000,000 and reported that these reduced estimates represented the minimum on which the military establishment could exist for a single year rather than the true requirements of the national defense. The bill now before the House proposes to cut this sum by an additional \$24,000,000, of which about \$9,500,000 represents the saving to be effected through elimination of the 2,000 officers and the civilian training of which I have spoken.

Naturally many important activities are eliminated or curtailed by a failure to appropriate the \$15,000,000 applying to activities other than training. In some instances this additional reduction may prove to be false economy, and may result in greater expenditures in years to come, yet the War Department apparently believes that by expedient and improvisation it can perform its principal missions during the coming year provided only that its trained man power is not further depleted and the program for training of man power is not destroyed.

For this reason I will not list the items in which the cuts represented in the \$15,000,000 slash have been made.

The need for economy is keenly appreciated by every member of the Government—legislative and executive. But when retrenchment beyond the point of safety is proposed in our national-defense system, it becomes not economy, but extravagance of the most expensive kind.

Our Army has been called an expensive one, and in a certain sense this is true. The reasons are two: First, we have a purely voluntary Army—a system maintained only by England among other great powers.

The voluntary system of course requires a higher rate of pay than does the conscript system used in other foreign armies. Yet, considering the relative standards of living in the two countries, the rates of pay in our Army, as compared to those of Great Britain, are quite low. For instance, a member of the lower House of Parliament gets, even at normal rates of exchange, only about one-fifth of the amount paid to one of our Congressmen. Yet the average pay of their army officers is only slightly less than in our case—while their chief of staff gets almost twice the amount of ours.

Notwithstanding the fact that our standard of living makes the cost of our Army loom up as a large figure, consider the following comparisons:

Our Budget for military activities (\$300,000,000 out of a total Budget of \$4,000,000,000) amounts to about 7 per cent of total Federal expenditures. The best available figures for foreign expenditures on this same basis are:

	Per cent
France.....	17.4
Great Britain.....	7.9
Italy.....	25.4
Japan.....	13.1

The budgets for military activities as compared to the national wealth of the great powers for the fiscal year 1930 are approximately as follows:

France.....	0.64
Great Britain.....	.28
Italy.....	1.08
Japan.....	.21
Germany.....	.16
United States.....	.08

Of the nations of the world, 16 maintain armies larger than that of the United States. I give them in the order of their aggregate organized military strength: France, Italy, Soviet Russia, China, Spain, Japan, Poland, Rumania, Czechoslovakia, Yugoslavia, Sweden, Great Britain, Switzerland, Belgium, Greece, Portugal, and United States.

Thus this Nation ranks seventeenth in strength of organized land forces, although it is fourth in population and first in wealth. This additional evidence demonstrates that the United States has achieved a degree of land disarmament unequalled by any other great nation of the earth.

Another aspect of this whole question deserves attention. The national defense act of 1920 is really a revision of an act passed in 1916. The original law was passed by a Democratic Congress after months of effort, and the 1920 revision, under a Republican Congress, required a like period of study and analysis. The whole effort was to devise a conservative and economic program suited to our particular needs. Since that time, we have, under the demand for the utmost economy in Federal expenditures, effected repeated reductions in the forces, both professional and civilian, provided for in the 1920 amendment. The time has come when further depletion will bring us close to prostration. Such a condition is not conducive to the promotion of peace, nor to the respect with which this Nation's pacific counsels are received in the conclave of nations.

I am not a believer in the right of might. I deplore the possibility of war as deeply as can any other person familiar with the frightful human and material wastage it entails. Yet let me quote from a man celebrated for his efforts in behalf of universal and enduring peace—a man whose name appears as the coauthor of

the pact for the renunciation of war. I refer to the late Aristide Briand who, during the conference preceding the consummation of the Washington treaty of 1922, said:

"I firmly made up my mind to say to Germany: 'That is impossible. If any such attempt is made, the most appalling consequences may follow.' If I had spoken without having the strength of the French Army behind me, what weight would my words have had? And yet, if the proposed action had taken place, what would have become of the peace of Europe? What would have become of the young states which have just sprung into being but have not yet attained their equilibrium? That is the problem. It did not arise because we were able to back our words with force."

With such a statement ringing in our ears, does it not seem reasonable to demand that our defense forces shall not be further weakened simply as an incident to an economy program? The House of Representatives has a properly constituted Military Affairs Committee. Does it not seem within the province of that committee to study and analyze all drastic revisions connected with our national-defense system before they are submitted to the House for enactment into law?

In the world of to-day the insurance of national existence demands a defensive system suited to our particular needs and to our national psychology. This we achieved in the national defense act of 1920, but by legislative action since that time successive reductions have brought existing forces to the irreducible minimum.

The bill now before Congress, under the guise of economy, seeks to weaken still further some of the most important parts of the skeletonized organization provided in that act.

Economy is necessary—elimination of unnecessary expenditure is vitally essential. But economy does not mean destruction of useful activities or of needful facilities. It means efficient management—the proper application of available resources to meet the requirements of ourselves and of the Nation.

One of these needs is national defense. It must not be endangered.

Mr. OLIVER of Alabama. Mr. Chairman, it appears from speeches made by some gentlemen this afternoon that they feel they alone are interested in national defense. My belief is that the best friend the Army has to-day is the man in public life, who is willing for the Army to forego some of its activities not now imperatively required, and in times like the present it is well to carefully consider what activities of the Army are not now absolutely vital, and where such are found to temporarily suspend the same for the next fiscal year.

There are members of the House who believe that the citizens' military training camps can be dispensed with during the summer of 1932, and who, when conditions improve, will be willing to provide funds for continuing such camps.

To say that if this Congress should refuse to appropriate for the camps in the summer of 1932 they will never again be resumed is both illogical and unreasonable. Any man who takes counsel of his fears is an unsafe adviser. Better far to take counsel of our faiths and our hopes.

General Summerall, who has been rightly referred to as one of the great outstanding Army men of the age, as well as the present Adjutant General of the Army, whom I respect and hold in high regard, have both said in an official way that these camps could be dispensed with for a year without hurt to the Army. Then why, I ask, should we now vote \$2,600,000 or more to carry on these activities in the fiscal year 1933?

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. No, not now; and I will say to the gentleman from Arizona that it was with pleasure I listened to a most remarkable and excellent speech for economy which he made to this body early in the session, and since that time I have been anxiously waiting to see where he wishes by his vote to effect economies.

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield now?

Mr. OLIVER of Alabama. The gentleman once said to me, "Offer an amendment to carry out your motion in the committee to strike out the \$750,000 item for remodeling the House Office Building and I will support it." I made a motion to recommit the bill for that purpose, and about the first man I found voting against my motion was the gentleman from Arizona.



Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I like stability, whether found on one side of the aisle or the other, and the man who merely makes speeches and fails to vote as he speaks is not the man whom, in times like these, we can safely follow. [Applause.]

Mr. DOUGLAS of Arizona. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. DOUGLAS of Arizona. I will not vote to reduce the personnel of our national defense system for the reason that to do so will mean the future loss of human lives.

Mr. OLIVER of Alabama. I fear the gentleman shares the apprehensions and anxieties—

Mr. MARTIN of Oregon. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. MARTIN of Oregon. I do not believe any Member of this House has a right to make a personal attack upon another, as is being made right now.

The CHAIRMAN. The gentleman from Alabama will proceed in order.

Mr. OLIVER of Alabama. I fear there are some who are apprehensive to the extent as expressed by the gentleman from Detroit when he said that what we need in this day and time is to be so prepared with our Army, our camps, and citizen soldiery, that we will be able in the summer of 1932 to quell disorders. The gentleman from New York [Mr. LaGUARDIA] wisely replied that what we need now is to promptly and in a nonpartisan way seek to provide employment for the idle, and if we do so, we shall have no trouble. [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired. All time has expired. The question is on the amendment offered by the gentleman from California.

The question was taken; and on a division (demanded by Mr. COLLINS) there were—ayes 115, noes 91.

So the amendment was agreed to.

The Clerk read as follows:

Under the authorizations contained in this act no issues of reserve supplies or equipment shall be made where such issues would impair the reserves held by the War Department for two field armies or 1,000,000 men.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word, which is "men" in order to avail myself of the opportunity of saying a few words in behalf of a real man, who is a Member of the House of Representatives, and who was bitterly criticized by the distinguished gentleman from Alabama [Mr. OLIVER], a member of the Committee on Appropriations, which committee has brought to the floor of the House this half-baked Army appropriation bill which emasculates our national defense. I was certainly surprised to observe how spontaneously and vigorously most of the Democratic Members of the House applauded when aspersions and reflections were cast upon one of their Democratic colleagues. This applause came from the same Members who stood on this floor when the economy bill was considered and unanimously and loudly applauded the eloquent speech delivered by the gentleman from Arizona [Mr. DOUGLAS]. [Applause.]

But now most of you on the Democratic side applaud the attack made upon him because he does not support a cut in the appropriations for our national defense which will weaken its effectiveness. Whether or not, as the preceding speaker has stated, the distinguished gentleman from Arizona was born with a silver spoon in his mouth makes no difference from my point of view, particularly when we consider that during the war he served the Nation with distinction. [Applause.] I bitterly protest the unwarranted attack on a man who served this Nation in time of war, a man who was applauded and cheered loud and long by a rising vote of all you Democrats when he made his speech

for the economy bill—and many of you did not agree with his position but we certainly must appreciate his courageous and eloquent plea. Certainly it was surprising to see the chairman of the Economy Committee clap his hands until he must have blisters on them; this same chairman who also stood up in the House and applauded when his distinguished Democratic colleague [Mr. DOUGLAS] made the speech on the economy bill to which I referred. Mr. Chairman, the gentleman from Arizona [Mr. DOUGLAS] knows what war is, and he knows mighty well that in these days of unrest among foreign nations we might not have allied countries ready to hold off the enemy until we trained our soldiers and officers, as in the World War.

He well knows that if we were launched into a major war to-day we could not take the Christie tanks, manned by the gentleman from Mississippi [Mr. COLLINS], and use for ammunition the \$1,500,000 Gutenberg collection purchased with the Federal taxpayers' money at the behest of the gentleman from Mississippi, to defend the Nation and the lives of our people. [Applause.] If the gentleman from Arizona is supporting a protective tariff on copper, I congratulate him, since copper is a great product of his State. When we go through the hearings on the tariff bill, we find Democratic Members of Congress from Alabama standing before the Ways and Means Committee pleading with crocodile tears running from their eyes, for embargo tariffs on graphite produced in Alabama. [Applause.] The trouble is that many of you Democrats want a tariff to protect everything produced in your State but oppose tariff protection for products of other States.

It is ridiculous to accuse the gentleman from Arizona [Mr. DOUGLAS] of having ulterior motives because he is in favor of protecting the industry and labor of the people of his State and the people of this Nation from unfair competition of cheaply produced foreign products. Some of you Democrats who applauded the criticism of the gentleman from Arizona have talked for restricted immigration to protect American labor from unfair competition of cheap foreign labor. What difference is there in repealing the immigration law and permitting the millions who are knocking on the door for admittance to compete with the workers on the farms and in the factories from having them work on the farms and in the factories of their foreign lands and ship the products into America without proper tariff protection? The gentleman from Arizona [Mr. DOUGLAS] is a real servant of the people whom he represents, and they have reason to, and I know they will, resent the unfair criticism of the preceding speaker. [Applause.]

Mr. BARBOUR. Mr. Chairman, I would like to call attention to two amendments that were passed over by unanimous consent, pending the action on the amendment on civilian activities. One is on page 16, line 4, where the words "citizens' military training camps" were to be inserted after the word "corps," and the other is on page 55, line 19, an amendment which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report:

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 16, line 4, after the word "corps," insert "citizens' military training camps."

Mr. KVALE. Mr. Chairman, I ask recognition in opposition to the amendment.

I do not wish at this time to make any statement of my own. If I have permission, I want to read a short tribute and a beautiful one by a beloved Member of this House to a gentleman and colleague of ours whose name has been mentioned on the floor this afternoon, and regarding the character of whose war service there seems to have been some question.

This comment occurred during a particularly heated tax debate on December 16, 1925, and it reads as follows:

You have done that; but there was one Member, Mr. LaGUARDIA, of New York, whom you have demoted to-day, and whom you have kicked out on the Republican side, who rose in his place and endeavored to restore the publicity features of this bill. You



can not terrify that kind of man. I remember when he left this House—when the war clouds hung thick over this Nation, when there were times when the blue of the flag seemed about to fade away in the blue of the skies.

Unlike the rest of you, he left his safe position here and entered a service, the most hazardous in the war. A man who could fearlessly steer and direct his squadron of bombing planes above the clouds amid the bursting bombs of the enemy's aircraft guns can not be terrified by anything that you can do to him on this floor. You have removed him from the committees, but he had enough courage to stand up here and try to put back that publicity clause, and he comes from the very lair of the multimillionaires who are promoting this bill and who stand back of all of you on that side of the House.

Those words, Mr. Chairman, were uttered by the beloved majority leader of this House, HENRY T. RAINEY. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from California [Mr. BARBOUR].

The amendment was agreed to.

Mr. BARBOUR. Mr. Chairman, I offer an amendment, which is on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 55, line 19, before the word "appropriate," insert the words "who may be detailed for duty as instructors at civilian military training camps."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from California.

The amendment was agreed to.

The Clerk read as follows:

No part of the appropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch, or other time-measuring device, a time study of any job of any such employee between the starting and completion thereof, or of the movements of any such employee while engaged upon such work; nor shall any part of the appropriations made in this act be available to pay any premiums or bonus or cash reward to any employee in addition to his regular wages, except for suggestions resulting in improvements or economy in the operation of any Government plant.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 62, after line 26, insert a new paragraph reading as follows:

"No appropriation contained in this act shall be available for expenditures for or incidental to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments."

Mr. STAFFORD. Mr. Chairman, I reserve a point of order.

Mr. COCHRAN of Missouri. Mr. Chairman, the purpose of the amendment is to take the Government out of the clothing business so far as enlisted men's uniforms are concerned.

Information received to-day from the Quartermaster General's office with reference to the prices of uniform clothing manufactured in Government plants and purchased from private industry after competitive bids is as follows:

	Government plant		Private manufacturer	
	1931	1932	1931	1932
Coats:				
Wool.....	\$2.33	\$2.51	\$2.00	\$1.61
Cotton.....	1.53	1.45	1.13	
Breeches:				
Wool.....	.75	.80	.89	.68
Cotton.....	.78	.83	.71	
Overcoats.....	2.2358	2.4290		
Shirts:				
Wool.....	.5210	.5666		
Cotton.....	.5345	.5741		

Where no price is listed under "Private manufacturer," the War Department states that none were purchased.

In every case the War Department figures for 1932 are greater than for 1931. The contrary is the fact in private industry.

Note the difference in the cost per article to the Government by manufacturing instead of purchasing under contract.

Take the four items on which comparisons can be made; if the War Department only purchased 100,000 each of these—and, of course, it purchases more than that for an Army of 118,750 men—it would make a saving of \$146,000. The other items would be correspondingly less if purchased under contract instead of manufactured in the War Department clothing factory.

The above costs are for manufacture only. Whether the Government manufactures or purchases under contract, the cost of the material is not included in the figures.

The Army is about to place an order, when the funds are provided in this bill, for many uniforms. Here is an opportunity to save 89 cents on the coat alone. There is also a difference as to the breeches, both wool and cotton. The price in the Government factory far exceeds that of the private manufacturer.

It seems to me this is the time for the Government to get out of business.

The factory in Philadelphia has a solicitor who goes to West Point and solicits business from the cadets, who goes to camps and solicits business from the officers in the camps. Are we going to continue to have the Government in competition with the manufacturers of the country who pay the taxes from which the appropriations are made to carry on the activities of the War Department?

I can not see how the amendment is subject to a point of order. It is a limitation, and it means a saving to the Government.

The Government should get out of business not only as to uniforms but as to shoes and other articles needed. This applies not only to the Army but to all supplies used. Both parties advocate less Government in business, more business in Government. Here is an opportunity to follow the declaration out.

To-day I received the following telegram from a shoe company of St. Louis:

We are informed War Department Quartermaster General planning purchase 100,000 pairs Army shoes, to be made Leavenworth Penitentiary, at price prevailing shoe contracts awarded December, 1931. Strongly protest this award to penitentiary in view current unemployment; also confident competitive bids at this time would give Government much lower price than that prevailing last December; therefore, urge your strong endeavor that Government take open bids on any Army shoes needed at this time.

I took this matter up with the superintendent of prisons. He stated the Leavenworth factory would get the order for Army shoes, as it was absolutely necessary to keep the factory going under the law, but they showed a disposition to be fair and not interfere with business any more than necessary by stating that they released orders for 400,000 pairs of shoes last year and would release an order that would go to private factories for 160,000 pairs for the Navy and Marine Corps.

It is impossible to offer an amendment as to shoes such as I have offered as to clothing, because it would be subject to a point of order. This amendment I have offered is not, in my opinion, subject to a point of order. It will take the Government out of competition with private manufacturers who pay the taxes for the upkeep of the Army, and I have shown it will create a savings.

I ask the Chair to rule on the point of order.

Mr. STAFFORD. A similar limitation was proposed some time ago, but I understand the leadership in charge of the bill, the chairman of the subcommittee and the ranking Republican member, are desirous to have the work let out by contract and have the Government factories idle. So I withdraw the point of order as this amendment, I believe, is supported by both gentlemen.



The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The amendment was agreed to.

The Clerk read as follows:

For the construction, repair, and maintenance of roads, tramways, ferries, bridges, and trails, Territory of Alaska, to be expended under the direction of the Board of Road Commissioners described in section 2 of an act entitled "An act to provide for the construction and maintenance of roads, the establishment and maintenance of schools, and the care and support of insane persons in the District of Alaska, and for other purposes," approved January 27, 1905, as amended (U. S. C., title 48, secs. 321-337), and to be expended conformably to the provisions of said act as amended, \$354,310, to be available immediately, and to include \$1,000 compensation to the president of the Board of Road Commissioners for Alaska, in addition to his regular pay and allowances.

Mr. WICKERSHAM. Mr. Chairman, I offer an amendment. In line 17, page 71, strike out "\$354,310" and insert in lieu thereof "\$656,000."

The CHAIRMAN. The Delegate from Alaska offers an amendment which the Clerk will report.

The Clerk read as follows:

Amended offered by Mr. WICKERSHAM: On page 71, in line 17, strike out the figures "\$354,310," and insert in lieu thereof the figures "\$656,000."

Mr. WICKERSHAM. Mr. Chairman, I have a telegram, in answer to a communication which I sent, from the Alaska Board of Road Commissioners, in which the board says:

JUNEAU, ALASKA, May 9, 1932.

DELEGATE WICKERSHAM,

House Office Building, Washington, D. C.:

Am advised by press dispatches the road appropriation reported by committee is only \$354,000. Upon approval of the Secretary of War and under authority act of February 12, 1925, we incurred obligations totaling approximately \$130,000 against this appropriation, based upon the Budget's approval of \$656,000. Upon advice that the item had been reduced in committee to \$500,000 all requisitions practicable of cancellation were eliminated, reducing the obligation to \$103,000, with additional obligations outstanding for crews en route to projects. If this further reduction is now made in the total appropriation, little will be left for field work and loss is certain to result in our having purchased equipment and supplies and organized crews disproportionate to the total funds available. As obligations have already been incurred for supplies and materials, this reduction of \$144,000 must come entirely from pay rolls, which will doubtless work some hardship, as many men have already arrived on site of work on assurance they would be given employment. The above is furnished for your information should you deem it pertinent to bring the matter to the attention of the committee.

Mr. COLLINS. Will the gentleman yield?

Mr. WICKERSHAM. Certainly.

Mr. COLLINS. I am opposed to the gentleman's amendment, but I arise at this time to call the gentleman's attention to the fact that the figures in his amendment are about \$6,000 above the Budget estimate. The Budget figure includes about \$6,000 for travel which the committee has transferred to the consolidated appropriation for travel. The gentleman should amend his amendment so as to omit this transferred amount.

Mr. WICKERSHAM. By how much?

Mr. COLLINS. The gentleman should reduce the amount carried in his amendment by \$5,690; otherwise his amendment would carry an amount above the Budget estimate.

Mr. WICKERSHAM. Very well. Mr. Chairman, I ask that my amendment be amended by that amount.

The CHAIRMAN. The Delegate from Alaska offers a modification of his amendment, which the Clerk will report.

The Clerk read as follows:

Modified amendment offered by Mr. WICKERSHAM: On page 71, in line 17, strike out the figures "\$354,310" and insert in lieu thereof the figures "\$650,310."

Mr. WICKERSHAM. Mr. Chairman, it seems to me the committee made some error in its report on this matter, because in the report the committee says:

If the Territory itself proposes to reduce its contribution by 55 per cent, the committee takes the position that the Government should do likewise, and is proposing a figure of \$360,000 in lieu

of the Budget figure of \$656,000. A further reduction of \$5,690 represents a transfer to the single appropriation for traveling expenses.

Now, Mr. Chairman, I do not understand where the committee got the idea that the Territory of Alaska had reduced its amount by 55 per cent in any way.

Mr. COLLINS. We reduced the Federal appropriation by the same amount we were advised that the Territory of Alaska proposed to reduce its contribution to road improvement; the same percentage exactly.

Mr. WICKERSHAM. Mr. Chairman, there are three forms of road funds in the Territory of Alaska. The first is the amount appropriated by the Congress of the United States; second, there is a fund known as the Alaska fund, created by Congress, into which is paid all of the moneys paid for licenses, and so forth, outside of incorporated towns.

Mr. COLLINS. And, according to the Budget, out of the appropriation entitled "Funds contributed for improvement of roads, bridges, and trails," the estimated expenditures are \$200,000 for 1932, and for 1933, \$90,000, or a 55 per cent reduction.

Mr. WICKERSHAM. But I do not see what that has to do with the Territory of Alaska, for it has not reduced its amount at all. If there is a reduction, it is because the congressional Alaska fund did not receive the usual amount of money from taxes in the Territory. It was not reduced in any way by the Territory.

[Here the gavel fell.]

Mr. WICKERSHAM. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WICKERSHAM. In 1919 the Alaska Legislature began to make appropriations in aid of this Government effort to build roads in Alaska. In 1919 it appropriated \$375,000; in 1921, \$240,000; in 1923, \$240,000; in 1925, \$260,000; in 1926, \$460,000; in 1929, \$320,000; in 1931, \$300,000.

Mr. McDUFFIE. How much in all?

Mr. WICKERSHAM. Two million one hundred and ninety-five thousand dollars. That is the amount the Territory of Alaska has appropriated out of its Territorial treasury, and there has been no decrease in Territorial appropriations.

Mr. McDUFFIE. How much has the Government appropriated?

Mr. WICKERSHAM. The Government has appropriated \$11,000,000 in all since 1906 to date.

Mr. McDUFFIE. For roads and trails in Alaska?

Mr. WICKERSHAM. Yes; and the Alaska fund amounts to nearly \$4,000,000, paid by the people of the Territory. So we have paid in the Territory of Alaska nearly \$6,000,000 into this fund, a very much larger amount than is paid by the States or any other Territory.

It seems the committee ought to give us some aid, especially when this Alaska Road Commission, a Federal commission, complains that they will not have money enough now to continue their work unless you do so. I think the committee ought not to be generous, but should be just in the matter, and at least give as much in this appropriation as the Territory of Alaska appropriates and contributes.

Mr. McDUFFIE. Mr. Chairman, I offer a substitute for the gentleman's amendment, to strike out all the language on page 71, from line 5, through and including the word "allowances," in line 20.

The CHAIRMAN. In the opinion of the Chair, that would not be a substitute for the gentleman's amendment. The gentleman from Alaska has offered a perfecting amendment, and an amendment to strike out the paragraph is not a substitute.

Mr. McDUFFIE. Mr. Chairman, I rise in opposition to the amendment, and shall offer an amendment later on.

I rise to call the attention of the House to the vast sums of money we have expended and are expending in the Territory of Alaska. The Territory of Alaska, of course, is our Territory. I recognize that. We have a duty to perform



with reference to the white people who are there, and certainly a more serious one probably to the natives of Alaska. There are only about 25,000 white people in Alaska.

Now, listen! In this year of stress and strain, economically speaking, looking over the Budget figures, here is what we are appropriating for Alaska this year, where there are 25,000 white people, and, all told, about 59,000 inhabitants:

Salaries of governor and secretary, \$15,600; contingent expenses, \$17,500; legislative expenses, \$46,000; reindeer stations, \$34,000; care of insane, \$156,000; enforcement of prohibition in Alaska, \$12,000; Alaska Railroad, \$500,000; printing and binding (to tell us the story), \$10,000; public schools, \$55,000; railroads' special fund, \$1,291,000.

This railroad has cost untold millions, and I am informed that we sometimes buy coal from Canada to run the railroad, although it was built to tap the coal fields of Alaska.

Education of natives, this year's estimate, \$726,400; Signal Corps, \$171,000; mining investigations, \$10,000; medical relief of natives, \$281,800; protecting seals and fisheries—this probably should not be charged to Alaska, and I do not know the income the Government receives from seals; estimated relief fund for indigent persons, \$18,000; wagon roads, bridges, and trails, \$130,000; star-route service, \$150,000; agriculture, \$380,000; and the national park, Mount McKinley, \$80,000.

This makes a total of \$4,498,850 estimated as needed by Alaska for the year 1933, and approximately that has been appropriated.

Mr. HERR. And just how much are we taking out of Alaska every year?

Mr. McDUFFIE. I just stated I did not know that.

Mr. HERR. Approximately \$40,000, is not that true?

Mr. McDUFFIE. I do not know. The gentleman can not prove that by me.

Mr. HERR. And over 25,000 people go up there every summer.

Mr. McDUFFIE (continuing). But I do know that the number of white people in Alaska has grown less every year.

I can not tell what we are getting from Alaska, but I doubt very much if the amount of income from Alaska to the Treasury of the United States amounts to anything at all.

There is some business carried on in Alaska in the way of fisheries, I grant you, but there is no doubt we are spending too much money in the Territory of Alaska at a time like this, and for this reason, so far as the building of roads and trails is concerned, on which we have already spent millions of dollars, and over which nobody, or few people, travel, if you please, I think it is time to cut down our appropriations for the Territory of Alaska.

I appreciate the burdens and the difficulties under which the people of Alaska, probably, are living. I am not unmindful of the hardships they sometimes undergo, especially those who see fit to move out from the coast line. I do not know how many get out into the interior, but I assume very few.

I have not been to Alaska, and I do not claim to know all about Alaska, but I know that for the very few people we have in Alaska this is an immense amount of money to take out of the Public Treasury in any one year, and especially at a time like this.

Mr. GOSS. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. GOSS. I am interested in the gentleman's remarks, and I notice that the committee, on page 73, with respect to the item of flood control for the Mississippi River, has only cut down the Budget estimate of \$32,000,000 to \$31,773,000, and on page 72, for rivers and harbors, the Budget estimate was \$60,000,000 and the bill carries \$59,277,000.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I ask unanimous consent to proceed for one minute to answer the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. McDUFFIE. I want to say to the gentleman from Connecticut that if he will offer an amendment to cut both of these items 10 per cent I shall vote with him. Will the gentleman do it?

Mr. GOSS. I will be pleased to if no one else does.

Mr. BACON. I have such an amendment prepared now.

Mr. McDUFFIE. All right. When I said I wanted to economize, and when I stated I thought this House ought to economize, I meant it, and the gentleman does not get anywhere by referring me to items for rivers and harbors and flood control. I am just as much interested in them as any man could possibly be—

Mr. GOSS. So am I.

Mr. McDUFFIE. But I think at a time like this every item not absolutely essential should be cut as much as we can, and save the expenditures from the Public Treasury.

Mr. GOSS. I think in the nonmilitary activities those two items might well be cut.

[Here the gavel fell.]

Mr. WICKERSHAM rose.

The CHAIRMAN. For what purpose does the gentleman from Alaska rise?

Mr. WICKERSHAM. I ask to proceed for 10 minutes in answer to the gentleman from Alabama.

The CHAIRMAN. Is there objection to the request of the gentleman from Alaska?

Mr. MICHENER. Reserving the right to object—

Mr. McDUFFIE. Mr. Chairman, I ask unanimous consent that the Delegate from Alaska may be allowed to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WICKERSHAM. Mr. Chairman, I thank the gentleman from Alabama. Alaska is one of the richest assets the United States possesses. Since 1880 we have taken \$400,000,000 worth of gold out of Alaska. We purchased Alaska for \$7,200,000, and, as I say, we have taken on an average since 1880 more than \$7,600,000 a year in gold out of that Territory. We have taken more than \$225,000,000 worth of copper, \$175,000,000 worth of furs; and the people of Alaska, in opening up and developing the country, have purchased \$800,000,000 worth of goods from the merchants of the United States and taken them to Alaska. We have taken out of Alaska since its purchase more than \$900,000,000 worth of fish. In other words, we have taken out of Alaska and brought into the United States more than two and one-half billion dollars worth of property.

Mr. McDUFFIE. Will the gentleman yield?

Mr. WICKERSHAM. Certainly.

Mr. McDUFFIE. According to the gentleman's statement there is not much more there to take.

Mr. WICKERSHAM. Oh, there is more gold left there now than there is in Colorado. We took out \$9,000,000 in gold last year, \$30,000,000 in fish. I say again that, although Alaska may be a minor asset, it is one of the richest assets of the United States.

Now, we want a little money to build roads there, so that we can get the miners and prospectors back into the country.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. WICKERSHAM. I yield.

Mr. McCLINTIC of Oklahoma. Does Alaska as a Territory collect any revenue from its industries, such as a severance or gross-production tax?

Mr. WICKERSHAM. No; all this that I have spoken of comes into the United States.

Mr. McDUFFIE. How much revenue from Alaska comes into the United States Treasury? I do not mean from American people going up there and bringing goods back.

Mr. WICKERSHAM. I have a statement here by Mr. Ballantine, Assistant Secretary of the Treasury, who says that the Treasury has received from the Territory of Alaska from receipts, \$50,357,000.

Mr. McDUFFIE. My question is, How much has the Territory of Alaska been paying into the Treasury of the United States annually for the last two or three years.



Mr. WICKERSHAM. I can not give the gentleman the figures.

Mr. McDUFFIE. I have not been able to find where it has been paying in anything.

Mr. WICKERSHAM. Oh, yes; it does; but what is the difference. Who is the Government of the United States? It is the people of the United States, and the people of the United States get \$40,000,000 worth of trade out of that Territory every year.

Mr. McDUFFIE. But they pay for it very heavily, in my opinion.

Mr. WICKERSHAM. Oh, no; they do not. If the gentleman from Alabama would look into the matter he would be surprised to find that I am telling the truth when I say that Alaska is one of the richest assets the United States has.

Mr. McDUFFIE. Are we not losing a million dollars a year to run a railway up there?

Mr. SABATH. In the interest of certain private corporations.

Mr. McDUFFIE. I do not know anything about that. If anybody will go up there and dig gold, I want them to go, and I will help them do it.

Mr. WICKERSHAM. And they are going, and going from the State of Alabama and going from every other State.

Mr. McDUFFIE. It is an unusual amount of money to be taken from the Public Treasury in a time like this to be devoted to roads and trails that will not be used.

The CHAIRMAN. The time of the Delegate from Alaska has expired.

Mr. SIMMONS. Mr. Chairman, I offer an amendment to the amendment of the Delegate from Alaska, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SIMMONS to the amendment offered by Mr. WICKERSHAM: Strike out "\$650,310" and insert in lieu thereof "\$300,000."

Mr. COLLINS. Mr. Chairman, I move that all debate upon this paragraph and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. LA GUARDIA. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. LA GUARDIA. Mr. Chairman, it seems to me that the opposition voiced as to the assistance which the Delegate from Alaska asks entirely ignores both the tradition and history of this country. There is no State which now graces the Union, with the exception of the thirteen original States, but which at one time was a Territory and received help and encouragement and the necessary assistance to build up a commonwealth and qualify as one of the States of the Union.

Mr. McDUFFIE. Will the gentleman yield?

Mr. LA GUARDIA. I yield.

Mr. McDUFFIE. On the gentleman's theory, if it be true that the white population is annually decreasing, should we proceed to pile up money up there and spend vast sums of money in a Territory where our people are not going?

Mr. LA GUARDIA. I do not think the color of the population of Alaska has a thing to do with it. [Applause.] Are we going to abandon them?

Now, the question of the Alaska Railroad was brought up. There is a bill on the Speaker's desk now, waiting the consideration of the House, to return several million dollars to private railroads. The railroads are now filing applications with the Reconstruction Finance Corporation for aid. The railroad in Alaska was built as a military necessity, let me say to you militarists who have been talking all afternoon. [Applause.] Right at this time Congress is appropriating \$124,000,000 for roads. The Delegate from Alaska, who has no vote in this House, comes here and begs you not to reduce the appropriation under the figure recommended by the Budget. Let me appeal to the subcommittee in charge of

this bill. I have stood by this committee, and I have been kicked on my side of the House all around all afternoon. I have been abused and ridiculed. Can you not do that much for me? Those people are helpless. I can not help sympathizing with them. There is no vote up there. They need these roads. They need them a great deal more than we need them in any other place in this country.

Mr. COLLINS. Will the gentleman yield?

Mr. LA GUARDIA. I yield.

Mr. COLLINS. The Congress of the United States has been more liberal with Alaska than any of our possessions, and infinitely more liberal to Alaska than it has been to any State in this Union.

Mr. LA GUARDIA. Oh, no.

Mr. STRONG of Kansas. We are paying fifteen or twenty million dollars to take care of our Filipino friends and we do not get a dime from the Philippine Islands.

Mr. LA GUARDIA. The Budget recommended \$600,000. Those roads are a necessity and the very life of the people up there. Conceding there is a small population, let me say to the gentleman from Alabama that those people up there are being exploited by citizens of the United States.

Mr. McDUFFIE. Then we had better get out of there and let them alone.

Mr. LA GUARDIA. We can not do that. It is a Territory. They are helpless. It is our duty to cooperate, protect them, and give them this kind of aid.

Mr. McDUFFIE. Then stop the exploitation by not furnishing more money to do it.

Mr. LA GUARDIA. Oh, the gentleman does not mean that at all. The gentleman knows he is not serious when he says that. Those people of the Territory are our wards. They need our care. This is no time, when we are appropriating generously to the gentleman's own State, for instance, to practice economies on Alaska.

Mr. McDUFFIE. And I said at the beginning that we owed them more serious consideration than those of our own people up there, because they are our wards. They are getting fewer and fewer in number. What will we do when all the people are gone from Alaska?

Mr. LA GUARDIA. I do not see how you can possibly justify cutting this appropriation below the Budget estimate. Just as sure as we are sitting here, the other body will increase the appropriation. Let us do the right thing at this time toward those helpless people. I know the Government railroad in Alaska does not have a lobby here, and those people have not anyone to pull wires for them, but I do not think it is the right thing to pick out this, after you have added millions of dollars in other places in this bill and then say we have economized on the helpless people of Alaska.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LA GUARDIA. Mr. Chairman, I ask unanimous consent to withdraw the amendment, which was pro forma.

Mr. SCHAFER. Mr. Chairman, I object to the withdrawal of the amendment.

Mr. STAFFORD. Mr. Chairman, I demand the regular order.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York.

The CHAIRMAN. The gentleman from Wisconsin is recognized for five minutes in opposition to the amendment.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry. The gentleman from Wisconsin has been recognized. The gentleman from Mississippi can not take the gentleman off the floor.

The CHAIRMAN. Does the gentleman from Wisconsin yield for that purpose?

Mr. SCHAFER. No; I certainly decline to yield for that purpose.

Mr. LA GUARDIA. Mr. Chairman, I ask unanimous consent to withdraw my motion to strike out the enacting clause.



The CHAIRMAN. The gentleman from New York asks unanimous consent to withdraw his motion to strike out the enacting clause. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska to the amendment offered by the Delegate from Alaska.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent to withdraw my amendment, which was purely pro forma.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to withdraw his amendment. Is there objection?

Mr. SCHAFER. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska to the amendment offered by the Delegate from Alaska.

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the Delegate from Alaska.

The question was taken; and on a division (demanded by Mr. LaGUARDIA) there were—ayes 25, noes 43.

So the amendment was rejected.

Mr. McDUFFIE. Mr. Chairman, I would like to inquire whether the amendment I offered to strike out the paragraph is pending.

The CHAIRMAN. The amendment was not offered because the amendment at that time was not in order. Does the gentleman now desire to offer an amendment?

Mr. McDUFFIE. I would like to submit the amendment, have it printed in the RECORD, and have it pending.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that his amendment may be reported and be pending when the matter is considered again. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Amendment offered by Mr. McDUFFIE: On page 71, beginning in line 4, strike out the paragraph, ending in line 20.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, and had come to no resolution thereon.

#### DEATH OF A FORMER MEMBER

Mr. GRANFIELD. Mr. Speaker, word has just come to me that the Hon. Henry L. Bowles, one of my predecessors and a former Member of this House, had passed away.

Just a few short years ago Mr. Bowles served with many Members of the present Congress. He endeared himself, not only to those Members of the Congress with whom he served but to a host of people throughout this Nation by his geniality, good fellowship, and public spiritedness. He was big, jovial, and kind-hearted; he was generous to a fault, and his philanthropies were many. He arose from humble circumstances to a high place in the business world, and as his wealth increased his generosity broadened; his benefactions saved many of his friends.

In the Commonwealth that he served as a member of the governor's council, he was a highly respected citizen. He served his city, State, and Nation with distinction. He exerted a poignant interest in civic affairs. It is with deep regret that I make this announcement of his death to the Congress.

In the death to-day of Congressman Bowles a most unusual coincidence has come to my attention. In my files this afternoon I chanced upon an obituary of Mr. Bowles the existence of which is accounted for under the following

circumstances. Congressman Bowles retired and was succeeded by the Hon. W. Kirk Kaynor, and Stanley Lowe, who had been secretary to Mr. Bowles, continued as secretary to Congressman Kaynor. Shortly after his retirement, Representative Bowles became seriously ill—to the point of death—and at that time Secretary Lowe, informed that Mr. Bowles could not possibly survive, prepared an obituary of his former employer. This obituary was never released for the reason that, to the surprise of his physician and all his friends, Congressman Bowles recovered. This obituary was captioned: "Henry L. Bowles, obt. Hold for release. Stanley Lowe."

Now that my friend and predecessor has passed on no eulogy I could pronounce would add one iota to this beautiful encomium. I therefore carry out what I believe to be the wishes of Stanley Lowe, faithful secretary to his Representative in Congress. I incorporate his words of appreciation of his representative as part of my remarks:

Any rehearsal of the career of Henry Leland Bowles must follow a formula that has come to be considered as typically American, since it begins with a boy born to know the toil and privation of a backwoods New England farm and concludes with consideration of a man of wealth and influence, notable as he had been since his youth for the simplicity, modesty, and forthright honesty that was his heritage from Vermont farm parents. As a business man of more than ordinary success and as a leader in matters of civic and political interest, Mr. Bowles became notable for his imagination, initiative, and generosity, qualities which not only brought their own measure of satisfaction and contentment but gathered about him a host of warm friends and admiring acquaintances.

Henry Leland Bowles was born January 6, 1864, on a small farm in Athens, Vt., not many miles away from that other homestead where later Calvin Coolidge was first to see the light of day. He was a son of Lyman and Julia (Leland) Bowles, both of whom were natives of that same section of the country. In the middle of the last century money was hard to find in the Vermont hills, and the Bowles family had no more than its share. As a matter of fact, there was almost none of it after young Henry was 6, when his father died and his mother was forced to accept, in addition to her other duties, that of teaching the district school at Kendricks Corners, Vt.

Of this little school Mr. Bowles always retained the fondest memories, for not only did he there learn his first lessons but his mother was its mistress. A picture of the now ramshackle, unpainted, 1-room structure hung for years in Mr. Bowles's office, and more than once it led him to talk reminiscently of his childhood—a childhood, by the way, which included, after he was 12 years old, the arduous toil of helping with the support of his family. But as there always seems to be in the New England country, the farm boy found time to study, and he continued the education begun in district school at Vermont Academy at Saxtons River.

Early in life Mr. Bowles decided that the career of a Vermont farmer was not for him. The result was that when he was 18 and he received an invitation from an aunt who operated a wheat farm of several hundred acres in Osage, Iowa, to come and work for her he was eager to accept. While the unbounded energy of young Bowles found plenty to occupy it on the flat acres of Iowa, the urge toward other and more promising ventures led him with a cousin to go to California, where for four years he worked as a lumberjack, rancher, and farmer.

The next jump brought Mr. Bowles back to his native New England, for the first time to forsake the outdoors for factory employment. He went to work as a machinist in the American Waltham Watch Co.'s plant in Waltham. This position he held but briefly, leaving to accept a position as clerk in the Old Essex House in Salem, where he remained for three years.

Then came the business affiliation that was to start Mr. Bowles on the road to success and wealth, although neither the young man in taking the job nor his employer in giving it to him suspected anything of the sort at the time. He got a job with J. A. Whitcomb, who was starting, in Lynn, a new idea in restaurants—a place equipped with chairs with but a single wide arm which served as a table. Immediately after his employment Mr. Bowles recognized that here was the opportunity for which he had been waiting. In his eagerness to learn everything there was to know about the business he served as counterman, cook, and purchasing agent.

Mr. Bowles was so keenly interested in the success of the venture that Mr. Whitcomb offered to take him into partnership, a proposal Mr. Bowles refused, flattering though it was. He told his employer that instead he wanted to own a restaurant like it himself in another city. Mr. Whitcomb's sympathetic interest was such that he offered to loan him a few hundred dollars, which, with his own slender savings, might make such a venture possible.

Thus came about Mr. Bowles's interest in Springfield and his final settlement here, for it was in this city that he decided to open his first restaurant, which began business in 1898, when its proprietor was 35 years old, in the Wight block, across Main Street from the post office. Mr. Bowles decided upon Springfield because



at that time there were but two restaurants open at night—Barr's and Hopler's—neither of which was conducted on anything like the basis which Mr. Bowles contemplated. His judgment was proved sound, and the success of the lunch room was instantaneous.

Profits of this first venture were used at once by Mr. Bowles for the opening of another restaurant, this one in Hartford, which was the second link in a chain which soon was operating in Syracuse, Buffalo, Detroit, Toledo, Milwaukee, and Duluth. Later restaurants were opened in Hamilton and Toronto, Ontario. To control this large enterprise there was organized Bowles Lunch (Inc.) and Bowles Lunch (Ltd.), of which companies Mr. Bowles was until his death president and treasurer. In connection with these restaurants the companies operate extensive bakeries and laundries.

Remembering always that his own start in business came about through the generosity of his employer, there has been in effect in the Bowles restaurants a profit-sharing policy whereby employees numbering 500 or more have been given a direct interest in the business. The small business, started about 30 years ago, has grown until its gross income runs into the millions every year.

After the establishment of his business Mr. Bowles began to develop an interest in politics, and within a short time became a figure of wide influence in the Republican Party. He sought no office for himself until 1913, when he received the Republican, Democratic, and Progressive nominations for the governor's council, where he served for three terms. Here was begun a close friendship with Calvin Coolidge, who was governor during Mr. Bowles's last term, and who was known to have held the Springfield man in the highest regard, not only during his service at the statehouse but when he went to Washington as Congressman from the second district.

During his active career in Republican politics Mr. Bowles was frequently called upon to assist in the direction of various campaigns and in the determination of policies affecting his party in the State. The wide political esteem in which he was held throughout this section was demonstrated when he was elected to the Sixty-ninth Congress, September 29, 1925, to fill the unexpired term of George B. Churchill, of Amherst, who died before taking office. He was reelected in 1925 by a large majority and might have continued to represent this district indefinitely had he not chosen to retire last year to devote himself to his private affairs, which had grown more extensive and diversified with the passage of the years.

During his four years in Congress Mr. Bowles never made a speech, a unique record, but one entirely in keeping with his character. Nevertheless, it is doubtful whether many other men accomplished as much for their districts in four years as did Congressman Bowles. Among his achievements was his success in hastening action to bring about the erection of a new post office in Springfield, brought about by his wisdom in seeking appointment to the Committee on Public Buildings. He brought about a decision not to close the Veterans' Bureau office in Springfield, and spent much time during his term in getting action on veterans' compensation cases. As a member of the Committee on Roads he helped to push through legislation to assist Vermont after the disastrous flood in November, 1927. He was a member of the Committee on Education, Patents, and the District of Columbia.

Mr. Bowles, in spite of the many claims upon his time in other directions, was always in the forefront in civic activities. So valuable were these over a period of years that last year he was a recipient from the Publicity Club of its William Pynchon medal, awarded for extraordinary service. For two years Mr. Bowles was chairman of the community chest drive, and he contributed generously to the work of this organization. His philanthropies were widespread, and many of them never came to public notice.

While his was a life of many achievements, it is probable that Mr. Bowles's name will longest endure here because of the development of the Bowles-Agawam Airport, which engaged much of his time and hundreds of thousands of dollars of his money during the last year of his life. When completed this field will be one of the finest in the country and a monument to the memory of the man whose imagination and faith in the future of aviation brought it into being.

Mr. Bowles was a thirty-second degree Mason, a member of Springfield Lodge of Elks, the Fish and Game Club, the Colony Club, the Nyasset Club, the Springfield Country Club, the Oxford Country Club, the Springfield Automobile Club, the Commercial Travelers' Club, the Republican Club of Massachusetts, and the Republican League.

Mr. Bowles in his later years took great delight in out-of-door activities. In addition to his city home he maintained a summer cottage on Lake Sunapee, N. H., where he was known as an ardent fisherman, and in the winter he went as often as he could to a hunting lodge in South Carolina, where he owned some of the best quail land in the State. He was an enthusiastic golfer.

In his middle life Mr. Bowles, like many other men of means, maintained a stable of trotting horses and, like most of his contemporaries, his interest in this sport did not wane. Indeed, it was not long ago that he was the owner of Czar Worthy, which set a world record.

Mr. Bowles had no church affiliation, and frequently said that his only creed was something approximating the Golden Rule. He was married in November, 1910, to Miss Edna Howard, of Leeds, the marriage taking place in New York City.

#### ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I am sure every Member of the House would like to see the Army bill disposed of, and I therefore ask unanimous consent that business in order to-morrow, Calendar Wednesday, be in order on Thursday, for the purpose of considering the Army bill to-morrow.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that business in order to-morrow, Calendar Wednesday, be transferred and be in order on Thursday next. Is there objection?

Mr. MARTIN of Oregon and Mr. LANKFORD of Virginia objected.

Mr. BYRNS. Then I shall submit the motion, Mr. Speaker.

Mr. CULLEN. Mr. Speaker, I shall raise the point of no quorum if that motion is insisted upon. Mr. Speaker, this is the first time since I have been a Member of the House that I have made such a request, but I am going to request that the vote on this bill go over until Thursday next. The reason for the request is this: There are two very dear, close, personal friends of mine being buried to-morrow in New York. I have got to attend both of these funerals, one in the morning at 10 o'clock and the other at 2.30 o'clock in the afternoon. It is my duty to attend these funerals because of my close relationship. I intend to take a sleeper to-night and go to New York and come back to-morrow night to my duties here in the House Thursday morning. I am going to ask the leaders on this side if they will not consent to have the vote on the Army bill go over until Thursday if for no other reason than to accommodate me.

Mr. STAFFORD. Mr. Speaker, I make the point of order there is not a quorum present.

#### SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 290. An act to establish a memorial to Theodore Roosevelt in the National Capital;

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands;

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet;

S. 2409. An act to amend Title II of the Federal farm loan act in regard to Federal intermediate-credit banks, and for other purposes;

S. 2955. An act to amend the World War veterans' act, 1924, as amended;

S. 4148. An act to permit the United States to be made a party defendant in certain cases;

S. 4289. An act to amend the act of February 23, 1927, as amended (U. S. C., title 47, sec. 85), and for other purposes;

S. 4416. An act to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.); and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

#### EXTENSION OF REMARKS—EMERGENCY LEGISLATION

Mr. McCLINTIC of Oklahoma. Mr. Speaker, these are perilous times. Over 30 nations have abandoned the gold standard and adopted silver as a monetary unit. I take the position that unless our Nation adopts two metals with a fixed ratio, namely, gold and silver, it will be practically impossible for our people to sell their surplus crops to other nations, and I am urging the adoption of such a law.

Every day since returning to Washington I have either held conferences, addressed committees, or conferred with our leaders for the purpose of urging the passage of a suitable farm bill. As secretary of the largest agricultural group of Members in the House, I have urged my colleagues to not adjourn until a solid foundation can be put under agriculture so that our farmers can receive cost of production on that part of the yield necessary for home consumption. I am glad to say the leaders of the different farm groups have



all agreed to this plan as an emergency program, and I am urging the House to act at once so that this kind of help can be given to those who till the soil.

I realize that nearly everyone is broke. I know that every occupation and industry is in a demoralized condition; however, I have faith in our strong-hearted people to the extent that I believe they will in some way adjust themselves to present conditions. Anyhow, I am sure that they will let their minds run back for a dozen years to the time when conditions were better than ever before. My party went out of power with the elections of 1920 and at present the Democrats only control the House by a few votes. Thus one can see that no law can be passed that the President is against unless a two-thirds vote can be obtained should he veto a bill. It is for this reason it has been difficult to get some bills enacted into law.

I am hoping that my friends in the district will help me by giving this information to their neighbors, as I deem it of more importance to enact into a law this kind of a relief bill than to do anything else.

#### ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 4 minutes p. m.) the House adjourned until to-morrow, Wednesday, May 18, 1932, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, May 18, 1932, as reported to the floor leader by clerks of the several committees:

##### WAYS AND MEANS

(10 a. m.)

Depreciated currency bills.

##### PUBLIC LANDS

(10.30 a. m.)

Miscellaneous bills.

##### RIVERS AND HARBORS

(10.30 a. m.)

South Carolina and Puerto Rico projects.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

579. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the War Department for the fiscal year 1932 and prior years (H. Doc. No. 338); to the Committee on Appropriations and ordered to be printed.

580. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the Department of the Interior for the fiscal year of 1932 and prior years, and for the fiscal year 1933 (H. Doc. No. 339); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. KNUTSON: Committee on Indian Affairs. H. R. 9495. A bill to establish the boundary lines of the Chipewewa Indian territory in the State of Minnesota; without amendment (Rept. No. 1327). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. H. R. 7894. A bill to promote safety on the streets and highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia; to prescribe penalties for the violation of the provisions of this act, and for other

purposes; without amendment (Rept. No. 1352). Referred to the House Calendar.

Mr. DIES: Committee on Immigration and Naturalization. H. R. 12044. A bill to provide for the exclusion and expulsion of alien communists; without amendment (Rept. No. 1353). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on the Public Lands. S. 2983. An act for the relief of homesteaders on the Diminished Colville Indian Reservation, Wash.; without amendment (Rept. No. 1357). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. H. R. 10359. A bill to amend sections 5 and 6 of the act of June 30, 1906, entitled "An act to prohibit the killing of wild birds and wild animals in the District of Columbia," and thereby to establish a game and bird sanctuary of the Potomac River and its tributaries in the said District; without amendment (Rept. No. 1358). Referred to the House Calendar.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BOEHNE: Committee on Claims. H. R. 2045. A bill for the relief of Frances O. Sperry; with amendment (Rept. No. 1328). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 4154. A bill for the relief of Ruby F. Voiles; with amendment (Rept. No. 1329). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 4858. A bill for the relief of Mrs. J. A. Joullian; without amendment (Rept. No. 1330). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 5214. A bill for the relief of Withycombe Post, No. 11, American Legion, Corvallis, Oreg.; without amendment (Rept. No. 1331). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 6759. A bill for the relief of Jacob Durrenberger; with amendment (Rept. No. 1332). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 7324. A bill for the relief of the mayor and aldermen of Jersey City, Hudson County, N. J., a municipal corporation; with amendment (Rept. No. 1333). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 8189. A bill for the relief of K. S. Szymanski; without amendment (Rept. No. 1334). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 8215. A bill for the relief of the National Bank of Commerce, El Dorado, Ark.; without amendment (Rept. No. 1335). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 8217. A bill for the relief of the First National Bank, El Dorado, Ark.; without amendment (Rept. No. 1336). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 9339. A bill authorizing the Court of Claims to hear and determine the claim of Ingenio Porvenir C. por A., and to render judgment for just compensation; without amendment (Rept. No. 1337). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 9862. A bill for the relief of the estate of Oscar F. Lackey; with amendment (Rept. No. 1338). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 10169. A bill authorizing adjustment of the claim of the Adelpia Bank & Trust Co. of Philadelphia; without amendment (Rept. No. 1339). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 10406. A bill for the relief of the Allegheny Forging Co.; without amendment (Rept. No. 1340). Referred to the Committee of the Whole House.



Mr. BRUMM: Committee on Claims. H. R. 10407. A bill for the relief of the Allegheny Forging Co.; without amendment (Rept. No. 1341). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 10408. A bill for the relief of the Allegheny Forging Co.; without amendment (Rept. No. 1342). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 10621. A bill for the relief of Augusta Burkett; with amendment (Rept. No. 1343). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 10973. A bill for the relief of Augustus Thompson; without amendment (Rept. No. 1344). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. H. R. 11095. A bill for the relief of the Franklin Surety Co.; without amendment (Rept. No. 1345). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 11902. A bill for the relief of Robert D. Baldwin; without amendment (Rept. No. 1346). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. S. 287. An act to compensate Harriet C. Holaday; without amendment (Rept. No. 1347). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 631. An act for the relief of Alice M. A. Damm; without amendment (Rept. No. 1348). Referred to the Committee of the Whole House.

Mr. BOEHNE: Committee on Claims. S. 3440. An act for the relief of Nick Wagner; without amendment (Rept. No. 1349). Referred to the Committee of the Whole House.

Mr. GASQUE: Committee on Pensions. H. R. 12124. A bill granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; without amendment (Rept. No. 1350). Referred to the Committee of the Whole House.

Mr. PEAVEY: Committee on Indian Affairs. H. R. 6393. A bill authorizing and directing that 5 per cent of any amount or amounts hereafter appropriated to pay judgment or judgments in favor of the Cherokee Indians by the Court of Claims be paid to Frank J. Boudinot in full for his services and expenses for and on behalf of said Indians prior to July 19, 1923, and for other purposes; without amendment (Rept. No. 1351). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 3801. A bill for the relief of Robert Whitley Miller; with amendment (Rept. No. 1354). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 4045. A bill for the relief of Carl L. Bernau; without amendment (Rept. No. 1355). Referred to the Committee of the Whole House.

Mr. LEAVITT: Committee on the Public Lands. S. 1044. An act authorizing the issuance to Cassie E. Howard of a patent for certain lands; without amendment (Rept. No. 1356). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McSWAIN: A bill (H. R. 12125) to amend an act approved January 22, 1932, designated as Public No. 2 of the Seventy-second Congress and entitled "An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes"; to the Committee on Banking and Currency.

By Mr. TAYLOR of Colorado: A bill (H. R. 12126) to add certain lands to the Gunnison National Forest, Colo.; to the Committee on the Public Lands.

By Mr. WARREN: Resolution (H. Res. 227) to authorize public inspection of pay-roll records of the disbursing officer of the House of Representatives; to the Committee on Accounts.

#### MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the Territory of Hawaii, memorializing Congress to delay hearings on Senate Resolution 134 until some date subsequent to July 1, 1932; to the Committee on the Judiciary.

Memorial of the Senate and House of Representatives of Puerto Rico, memorializing Congress to extend to Puerto Rico the act creating the Finance Reconstruction Corporation; to the Committee on Banking and Currency.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GASQUE: A bill (H. R. 12124) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; to the Committee on Pensions.

By Mr. CHAVEZ: A bill (H. R. 12127) for the relief of the estate of Uvaldo Martinez; to the Committee on Claims.

Also, a bill (H. R. 12128) for the relief of Juan Apodaca; to the Committee on Military Affairs.

By Mr. CLANCY: A bill (H. R. 12129) for the relief of Frank E. Fisher; to the Committee on Claims.

By Mr. FERNANDEZ: A bill (H. R. 12130) for the relief of Thomas J. Bennett; to the Committee on Invalid Pensions.

By Mr. HOCH: A bill (H. R. 12131) granting an increase of pension to Mary E. Graham; to the Committee on Invalid Pensions.

By Mr. KOPP: A bill (H. R. 12132) granting an increase of pension to Carrie E. Biles; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 12133) granting an increase of pension to Laura B. Patton; to the Committee on Pensions.

Also, a bill (H. R. 12134) to provide for the acquisition of certain timberlands and the sale thereof to the State of Oregon for recreational and scenic purposes; to the Committee on the Public Lands.

By Mr. MOREHEAD: A bill (H. R. 12135) granting an increase of pension to Emma Josephine Kelso; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12136) for the relief of the estate of George Evert Wever; to the Committee on Ways and Means.

By Mr. WHITLEY: A bill (H. R. 12137) granting an increase of pension to Mary Brodier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12138) granting an increase of pension to Adaline M. Malette; to the Committee on Invalid Pensions.

By Mr. WITHROW: A bill (H. R. 12139) granting a pension to Maria E. Walker; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7781. By Mr. BLOOM: Resolution adopted by the Northern Federation of Chambers of Commerce of Massena, N. Y., and passed at a meeting of that organization held at Potsdam, N. Y., Tuesday, May 3, 1932; to the Committee on Economy.

7782. By Mr. CHRISTOPHERSON: Petition of Highland Rural Telephone Co., of Minnehaha County, S. Dak., urging passage of the Frazier bill, S. 1197; to the Committee on Agriculture.

7783. By Mr. CRAWL: Petition of W. Hall Crowell, urging that it is highly essential for Congress to take some imme-



diated step to relieve the unemployment and economic distress throughout the country, and setting forth a full program of constructive legislation; to the Committee on Ways and Means.

7784. By Mr. GAVAGAN: Petition of Alonzo B. See to National Republican Club, urging the nomination of Calvin Coolidge as the Republican candidate for President, vice Mr. Hoover; to the Committee on Election of President, Vice President, and Representatives in Congress.

7785. By Mr. JOHNSON of Texas: Petition of H. O. Boatwright, president First National Bank, Bryan, Tex., opposing a tax on bank checks; to the Committee on Ways and Means.

7786. Also, petition of Oxsheer Smith, president Citizens National Bank, Cameron, Tex., opposing a tax on bank checks and favoring a sales tax; to the Committee on Ways and Means.

7787. Also, petition of Bud Terry, of Hillsboro, Tex., route 3, favoring immediate cash payment of adjusted-service certificates; to the Committee on Ways and Means.

7788. Also, telegram of John H. Sweatt, F. W. Welch Motor Co., Julius Nussbaum, W. D. Freeman, and J. I. Riddle, Mexia, Tex., opposing a tax on bank checks; to the Committee on Ways and Means.

7789. Also, petition of J. E. Stanford, editor Southern Agriculturist, Bryan, Tex., opposing repeal of emergency officers' disability retirement act; to the Committee on Military Affairs.

7790. Also, telegram of J. K. Hughes and Jack Womack, opposing a tax on admission fees under 50 cents; to the Committee on Ways and Means.

7791. Also, telegram of D. P. Wilson, president, and Raphael Levine, past president, Local Union No. 393, International Alliance Theatrical Stage Employees and Moving Picture Machine Operators, of Corsicana, Tex., opposing tax on admission fees under 46 cents; to the Committee on Ways and Means.

7792. By Mr. KLEBERG: Petition of 10 citizens of Berghelm, Kendall County, Tex., opposing the passage of House bill 8092 and Senate bill 1202; to the Committee on the District of Columbia.

7793. By Mr. PERKINS: Petition of Mrs. C. H. Green, Ridgewood, N. J., protesting against the attempt to block the hearing on House bill 11082; to the Committee on Ways and Means.

7794. Also, joint resolution passed by the Legislature of the State of New Jersey and approved by the governor, memorializing the Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation; to the Committee on Rivers and Harbors.

7795. By Mr. RAINEY: Petition of the officers and board of directors of the Chamber of Commerce of Carlinville, Ill., referring to governmental expenditures; to the Committee on Appropriations.

7796. By Mr. WYANT: Petition of Logan Lumber Co., Tarentum, Pa., favoring passage of home loan bank bill; to the Committee on Banking and Currency.

7797. Also, petition of Gen. Willis J. Hulings Camp, No. 77, United Spanish War Veterans, of Pittsburgh, urging favorable action on Gasque-Robinson bill; to the Committee on Pensions.

7798. Also, petition of Pittsburgh Coal Exchange, objecting to proposed abandonment and removal by Federal authorities of the port of Pittsburgh; to the Committee on Interstate and Foreign Commerce.

7799. Also, petition of Mary Stanislaus McVay, secretary Seton Hill Alumnae Association, Greensburg, Pa., representing 400 members, protesting against the passage of the Hatfield bill, S. 4436, as being dangerous to morals of the people of the United States; to the Committee on Banking and Currency.